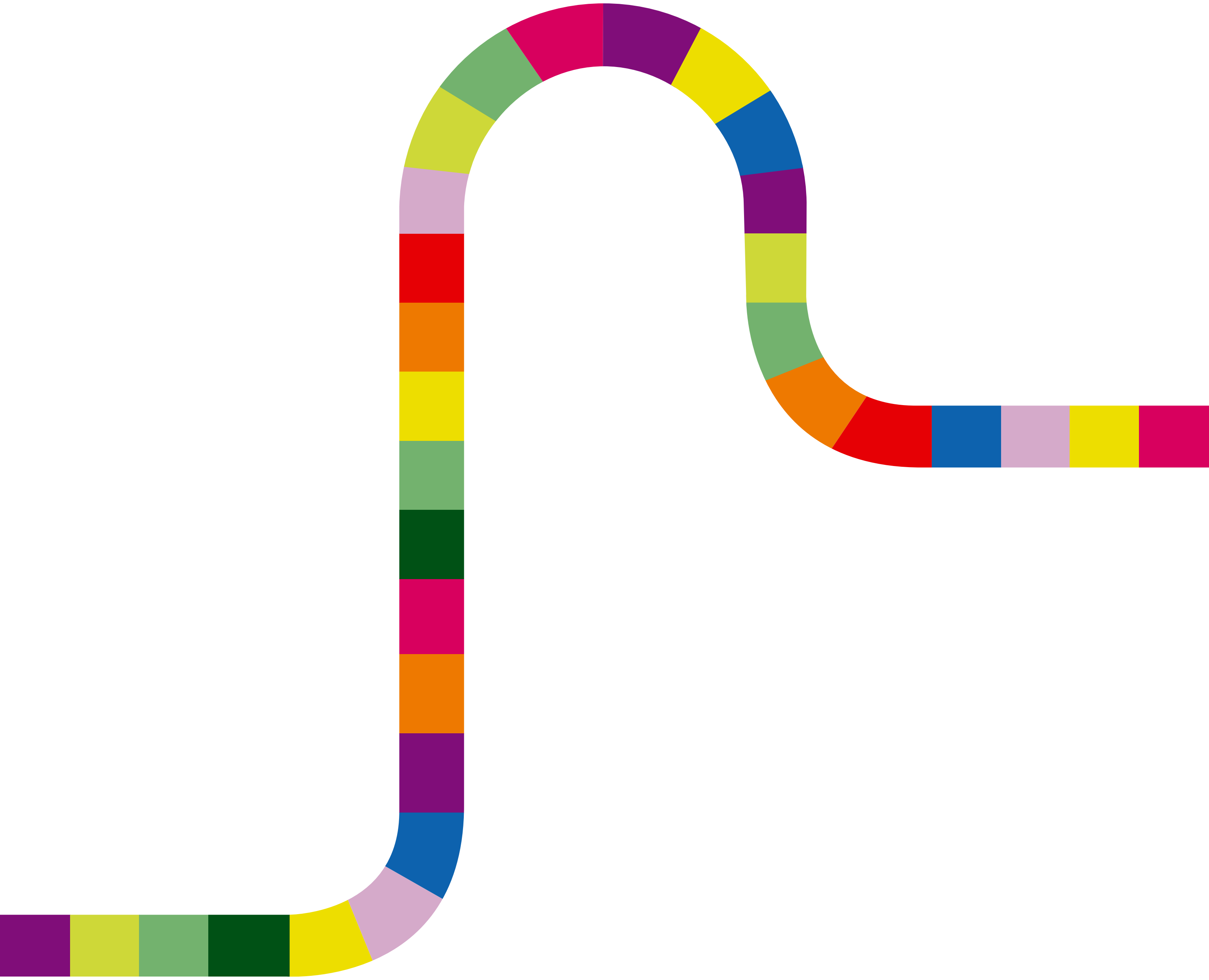
UniCredit

UniCredit S.p.A.
2010 Reports and Accounts



Everyone knows that life can be surprising. Many of these surprises are good things. Some are not so good. That is why people need their bank to be a reliable partner, helping them to deal with *whatever life brings*.

Because this year's report is inspired by real life, its graphics portray some of life's more pleasant aspects, as well as a few of its less enjoyable features. Thus, the images present a range of contrasts, and our cover offers up a kaleidoscope of moments drawn from daily life.

That is simply how life works. From the exciting to the ordinary, from the expected to the unanticipated, life is always changing and makes demands on all of us.

And UniCredit is here to lend a hand.

Our job is about more than offering products and managing transactions. It is about understanding the needs of our customers as individuals, families and enterprises. Our goal is to deliver solutions for the everyday issues that people face. This means providing them with concrete answers - day by day, customer by customer, need by need.

UniCredit S.p.A.
2010 Reports and Accounts

For whatever life brings

Contents

Notes
The following conventional symbols have been used in the tables:
- a dash (-) indicates that the item/figure is inexistent;
- two stops (..) or "n.s." when the figures do not reach the minimum considered significant or are not in any case considered significant;
- "N.A." indicates that the figure is not available.

Unless otherwise indicated, all amounts are in **millions of euros.**

Any discrepancies between data given in the Report on Operations, or between these data and the Financial Statements, are due to the effect of rounding.


For whatever life brings


Introduction


For whatever life brings

Board of Directors, Board of Statutory Auditors and External Auditors

Board of Directors

Dieter Rampl	**Chairman**
Luigi Castelletti	**First Deputy Chairman**
Farhat Omar Bengdara Vincenzo Calandra Buonaura Fabrizio Palenzona	**Deputy Chairmen**
Federico Ghizzoni [1]	**CEO**
Giovanni Belluzzi Manfred Bischoff Enrico Tommaso Cucchiani Donato Fontanesi Francesco Giacomin Piero Gnudi Friedrich Kadrnoska Marianna Li Calzi Salvatore Ligresti Luigi Maramotti Antonio Maria Marocco Carlo Pesenti Lucrezia Reichlin Hans-Jürgen Schinzler Theodor Waigel Anthony Wyand Franz Zwickl	**Directors**
Lorenzo Lampiano	**Company Secretary**

Board of Statutory Auditors

Maurizio Lauri	**Chairman**
Cesare Bisoni Vincenzo Nicastro Michele Rutigliano Marco Ventoruzzo	**Standing Auditors**
Massimo Livatino Paolo Domenico Sfameni	**Alternate Auditors**
Roberto Nicastro	**General Manager**
Marina Natale	**Nominated Official in charge of drawing up Company Accounts**
KPMG S.p.A.	**External Auditors**

1. Appointed CEO by the Board of Directors on September 30, 2010 following the resignation of Alessandro Profumo on September 21, 2010.

UniCredit S.p.A. - A joint stock company
Registered Office in Rome: Via Alessandro Specchi, 16
Head Office in Milan: Piazza Cordusio
Share capital Euro € 9,649,245,346.50, fully paid in
Fiscal Code, VAT number and Registration number with the Company Register of Rome: 00348170101 Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1
Cod. ABI 02008.1
Member of the National Interbank Deposit Guarantee Fund

Presentation to the Shareholders

Dear Shareholders,
The past year has been one of intensive activity which has primarily seen the Company and the Group involved with the One4C integration process ("One for Clients"). This process, as will be described in more detail in the next section, is designed to further increase customer satisfaction through the specialization of skills and ever faster response times. All of this involves a simplification of the Group's company organizational structure, strengthening links to the countries and communities in which we operate.

The One4C project has involved the shift of UniCredit S.p.A. from a holding company with responsibilities for directing and financing the Group to an operative bank, a switch that has clearly involved and continues to involve a complete review of the organizational structure of the Company. From a purely accounting point of view, if, on the one hand, this process has translated into an increase in the direct and indirect funding (+7.9%) and the total financial statement assets (+11.4%), on the other hand and, above all, it has radically changed the structure of the actual financial statements, with approximately a five-fold increase in loans and receivables with customers (from approximately €52 billion to €253 billion) and a doubling of liabilities from customers. As a result, the structure of the income statement has also changed somewhat radically with a ten-fold increase in the net interest income and structure costs at around six times as much.

In 2010 the Bank posted a net profit of €783 million, compared with €51 million in 2009 and total assets of €415 billion compared with the €373 billion recorded at the end of 2009. With the aim of better understanding the dynamics of the financial year, including the accounting, the restated 2009 figures are also included in the Report, in accordance with the logic and principles that were implemented through the One4C project. A precise description of the computation principles and methods for this 2009 data compared during the Report with the Bank's figures for 2010 can be found in the Note on the Report and the Financial Statements.

The important changes that feature in the Bank's transactions have been supported by an equity strengthening action which, launched in the last months of 2009, was completed in January 2010. On January 7, 2010, the Board of Directors determined the definitive conditions of the option capital increase, approved by the Bank at the Extraordinary Shareholders' Meeting on November 16, 2009, including the subscription price, the option ratio and the maximum number of shares to offer. As a result of the transactions relating to the option capital increase, 2,516,889,453 new ordinary shares were issued for a share capital increase of €1,258,444,726.50 with a total value – including the share premium – of €3,999,337,340.82. The capital increase was recorded in the Company Register on February 24, 2010.

After this capital increase, the capital increase of the subsidiary UniCredit Bank Austria AG (99.995% owned by the Parent Company) has been subscribed, an increase required in order to respond to the expectations of the local supervisory bodies and the ratings agencies, as well as to align with the main Austrian competitors in terms of equity coefficients and to be in a favorable position to take advantage of the opportunities arising from future economic growth in Austria and in Central Eastern Europe. Following the Parent Company's subscription of its applicable share and the unassigned portion, its stake in UniCredit Bank Austria AG rose to 99.996%.

This having been stated, see the Report for a summarized description of the Balance Sheet and Income Statement figures at December 31, 2010 and for the previous year, with a specific distinction between the Financial Statement figures of the Bank at the end of 2009 ("historical") and the reclassified figures, as stated previously, applying the same principles and accounting techniques that were fully effective in the One4C transaction of November 1, 2010 ("restated").

Note on the Report and Financial Statements

General Matters

The UniCredit S.p.A. Financial Statements at December 31, 2010 were drafted in accordance with the IAS/IFRS international accounting standards, in compliance with the instructions of Banca d'Italia in circular 262 of December 22, 2005 (1st update November 18, 2009). These instructions are binding for the financial statements and the methods of completion, as well as for the Notes to the Financial Statements.

The Financial Statements comprise the Balance Sheet, the Income Statement, the Comprehensive Income statement, the Statement of changes in Shareholder's Equity, the Cash Flow Statement, the Notes to the Financial Statements and the Annexes, and are also accompanied by a Report on the operating performance, the economic results achieved and the financial situation of the Bank.

Taking the accounting and fiscal retroactivity of the merger into account at January 1, 2010, whose details are stated in a dedicated following chapter, which makes it possible to allocate the equity and income effects of the transactions set up by the incorporated companies to the financial statements of the incorporating company from this date, 2010 balance sheet and income statement balances of the incorporated companies at October 31, 2010 were included in the accounts of the holding company.

The unification and consolidation process has been achieved in the following operating stages:
- the merger accounting situations for the incorporated banks have been added together in order to produce an initial reference aggregate;
- as a result of the legal "confusion" principle created between the holding and incorporated companies, adjustments have been made to the existing balance sheet reciprocal balances at the date of the merger;
- with the aim to permit a better comprehension of the real economic developments booked during 2010 the reciprocal costs and revenues bookings among Banks merged have been offset;
- the net equity stakes of the incorporated banks have been cancelled out against the values of the stakes in the holding company and the resulting difference (merger surplus/loss on absorption) has been allocated, after having replenished the special reserves from Business Combination Under Common Control, to adjust the previously recorded goodwill;
- lastly, as the previous distribution method of the products of several of the companies merged through the business networks of other companies that also came under the scope of the merger, it was necessary to eliminate 2010 commissions for placement of securities, mortgages, loans and papers, allocating the difference to the interest income and to adjust the pertinent items in the assets (loans and receivables to customers) and liabilities (deposits from securities issued).

This booklet will be completed by:
- Financial Statements certification pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended;
- Board of Statutory Auditors' Report pursuant to Article 153 of Legislative Decree no. 58 of February 24, 1998.
- Report of the External Auditors pursuant to Article 14 of Legislative Decree no. 39 of January 27, 2010

The press releases concerning the main events of the period can be found on the UniCredit website.

General principles for drafting the Directors' Report

The Directors' Report includes the information supplied in accordance with the criteria for drafting the summarized condensed accounts of the balance sheet and the income statement. Reconciliation with the compulsory elements is given in the annex to the Financial Statements in compliance with the requirements of Consob in notification no. 6064293 of July 28, 2006.

The Report is accompanied by several tables (Highlights, Condensed Financial Statements, UniCredit shares) as well as by comments on the "Results of the period".

Note on the Report and Financial Statements (Continued)

Balance sheet and income statement summary reclassification criteria

The main reclassifications - wherein amounts are provided analytically in the tables enclosed with this booklet - involve:

Balance sheet

- the combination in the "Financial investments" item of the "Financial assets measured at fair value", "Financial assets available for sale", "Financial assets held to maturity" and "Investments" items in the Financial Statements;
- the grouping in a single item called "Hedging", in both the assets and liabilities of the Financial Statements of the "Hedging Derivatives" and "Changes in fair value of portfolio hedged items";
- the combination of the "Deposits from customers" and "Debt securities in issue" items into a single item "Funding from customers and securities";
- the inclusion of the financial statements items "Employee severance pay" into "Other liabilities".

Income Statement

- dividends and other income excludes dividends from shares held for trading, classified together with the result of trading negotiations, hedging and assets and liabilities measured at fair value;
- the other income/expenses balance excludes the recovery of expenses classified as a separate item;
- expenses for personnel, other administrative expenses, adjustments in value for tangible and intangible assets and provisions for risks and charges are presented net of integration costs relating to the reorganization operations following the integration of the Capitalia Group and the One4C "One for Clients" operation shown under the specific item;
- profits net of investments include profits/losses and adjustments/write-backs for financial assets available for sale and financial assets held until maturity, the net result of the measurement at fair value of tangible and intangible assets, as well as profits/losses for equity investments and disposal of investments.

Changes made to enable proper comparison

In order to make a proper comparison between the periods, the figures shown in the Directors' Report referring to 2009 have been restated in accordance with the principles and methods, similar to those applied during the entering of the transactions to the accounts during the merger described above, as described here above in General Matters section. Therefore please refer to such section for this description.


For whatever life brings

Directors' Report on operations

Highlights

Income Statements

(€ million)

	YEAR		CHANGE	
	2010	2009 RESTATED	IN TOTAL	%
Operating income	10,985	9,993	+992	+9.9%
of which: - net interest	*5,043*	*6,062*	*-1,019*	*-16.8%*
- dividends and other income from equity investments	*2,786*	*854*	*+1,932*	*+226.2%*
- net fees and commissions	*3,313*	*3,013*	*+300*	*+10.0%*
Operating costs	-6,369	-6,477	+108	-1.7%
Operating profit	4,616	3,516	+1,100	+31.3%
Profit before tax	407	-774	+1,181	n.s.
Net Profit	**783**	**-633**	**+1,416**	**n.s.**

Balance Sheet

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2010	12.31.2009 RESTATED	IN TOTAL	%
Total assets	415,380	405,002	+10,378	+2.6%
Financial assets held for trading	10,128	8,732	*+1,396*	*+16.0%*
Loans and receivables with customers	253,102	260,721	*-7,619*	*-2.9%*
of which: - impaired loans	*18,144*	*13,897*	*+4,247*	*+30.6%*
Financial liabilities held for trading	6,875	5,242	+1,633	+31.2%
Deposits from customers and debt securities in issue	281,694	285,946	-4,252	-1.5%
of which: - deposits from customers	*158,154*	*150,109*	*+8,045*	*+5.4%*
- securities in issue	*123,540*	*135,837*	*-12,297*	*-9.1%*
Shareholders' equity	**57,770**	**53,808**	**+3,962**	**+7.4%**

Staff and branches

	AMOUNTS AS AT		CHANGE	
	12.31.2010	12.31.2009 RESTATED	IN TOTAL	%
Emoloyees	46,332	48,276	-1,944	-4.0%
Branches	4,493	4,684	*-191*	*-4.1%*
of which: - Italy	*4,485*	*4,676*	*-191*	*-4.1%*
- Other countries	*8*	*8*	*-*	*-*

Profitability ratios

	YEAR		
	2010	2009 RESTATED	CHANGE
Net interest income / Operating income	45.9%	60.7%	-14.8%
Net fees and commissions / Other administrative expenses net of recovery of expenses	124.9%	110.9%	+14.0%
Net fees and commissions / Operating costs	52.0%	46.5%	+5.5%
Operating profit (loss) / Operating income	42.0%	35.2%	+6.8%

Risk ratios

	AS AT		
	12.31.2010	12.31.2009 RESTATED	CHANGE
Net non-performing loans to customers / Loans to customers	1.9%	0.9%	+1.0%
Net impaired loans to customers / Loans to customers	7.2%	5.3%	+1.9%

Capital ratios

(€ million)

	AS AT 12.31.2010
Capital for regulatory purposes	59,945
Total risk weighed assests	163,918
Tier 1	48,129
Total regulatory capital / Total risk-weighted assests (%)	36.6%

Condensed Financial Accounts[1]

Condensed balance sheet

(€ million)

ASSETS	AMOUNTS AS AT 12.31.2010	12.31.2009 HISTORICAL	12.31.2009 RESTATED	CHANGE FROM RESTATED AMOUNT	CHANGE FROM RESTATED PERCENT
Cash and cash balances	2,152	5,914	7,590	-5,438	-71.6%
Financial assets held for trading	10,128	6,352	8,732	+1,396	+16.0%
Loans and receivables with banks	33,806	203,963	27,767	+6,039	+21.7%
Loans and receivable with customers	253,102	51,665	260,721	-7,619	-2.9%
Financial investments	87,451	83,833	72,158	+15,293	+21.2%
Hedging instruments	5,089	4,411	7,175	-2,086	-29.1%
Property, plant and equipment	281	33	326	-45	-13.8%
Goodwill	7,707	8,739	7,707	-	-
Other intangible assets	33	31	35	-2	-5.7%
Tax assets	6,954	5,563	7,139	-185	-2.6%
Non-current assets and disposal groups classified as held for sale	22	-	76	-54	-71.1%
Other assets	8,655	2,452	5,576	+3,079	+55.2%
Total assets	**415,380**	**372,956**	**405,002**	**+10,378**	**+2.6%**

(€ million)

LIABILITY AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 12.31.2010	12.31.2009 HISTORICAL	12.31.2009 RESTATED	CHANGE FROM RESTATED AMOUNT	CHANGE FROM RESTATED PERCENT
Deposits from banks	49,024	159,607	39,947	+9,077	+22.7%
Deposits from customers and debt securities in issue	281,694	147,007	285,946	-4,252	-1.5%
Financial liabilities held for trading	6,875	2,939	5,242	+1,633	+31.2%
Financial liabilities designated at fair value	51	-	52	-1	-
Hedging instruments	4,946	5,045	6,516	-1,570	-24.1%
Provisions for risks and charges	1,782	1,258	1,909	-127	-6.7%
Tax liabilities	495	615	1,345	-850	-63.2%
Liabilities included in disposal group classified as held for sale	-	-	-	-	-
Other liabilities	12,743	2,393	10,237	+2,506	+24.5%
Shareholders' equity:	57,770	54,092	53,808	+3,962	+7.4%
- capital and reserves	*56,909*	*53,958*	*54,120*	*+2,789*	*+5.2%*
- available-for-sale assets fair value reserve and cash-flow hedging reserve	*78*	*83*	*321*	*-243*	*-75.7%*
- net profit (loss)	*783*	*51*	*-633*	*+1,416*	*n.s.*
Total liabilities and shareholders' equity	**415,380**	**372,956**	**405,002**	**+10,378**	**+2.6%**

1. 2009 Condensed Balance Sheet and Income Statement, as already mentioned, are shown as "historical", correspondent to 2009 UniCredit S.p.A. Reports and Accounts, and as "restated", in accordance with principles and methods described here above in General Matters section.

Condensed income statement

(€ million)

	YEAR			CHANGE	
		2009			
	2010	HISTORICAL	RESTATED	AMOUNT	PERCENT
Net interest	5,043	-587	6,062	-1,019	-16.8%
Dividends and other income from equity investments	2,786	1,324	854	+1,932	+226.2%
Net interest income	**7,829**	**737**	**6,916**	**+913**	**+13.2%**
Net fees and commissions	3,313	46	3,013	+300	+10.0%
Net trading, hedging and fair value income	-193	117	137	-330	n.s.
Net other expenses/income	36	157	-73	+109	n.s.
Net non-interest income	**3,156**	**320**	**3,077**	**+79**	**+2.6%**
OPERATING INCOME	**10,985**	**1,057**	**9,993**	**+992**	**+9.9%**
Payroll costs	-3,634	-552	-3,676	+42	-1.1%
Other administrative expenses	-3,027	-537	-3,085	+58	-1.9%
Recovery of expenses	375	73	368	+7	+1.9%
Amortisation, depreciation and impairment losses on intangible and tangible assets	-83	-8	-84	+1	-1.2%
Operating costs	**-6,369**	**-1,024**	**-6,477**	**+108**	**-1.7%**
OPERATING PROFIT (LOSS)	**4,616**	**33**	**3,516**	**+1,100**	**+31.3%**
Net provisions for risks and charges	-236	-105	-231	-5	+2.2%
Integration costs	-196	-17	-64	-132	+206.3%
Net write-downs of loans and provisions for guarantees and commitments	-3,774	-108	-3,732	-42	+1.1%
Net income from investments	-3	-205	-263	+260	-98.9%
PROFIT (LOSS) BEFORE TAX	**407**	**-402**	**-774**	**+1,181**	**n.s.**
Income tax for the year	376	453	141	+235	+166.7%
NET PROFIT (LOSS) FOR THE YEAR	**783**	**51**	**-633**	**+1,416**	**n.s.**

UniCredit Share

Share information

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Share price (€)										
- maximum	2.336	2.769	5.697	7.646	6.727	5.864	4.421	4.425	5.255	5.865
- minimum	1.512	0.634	1.539	5.131	5.564	4.082	3.805	3.144	3.173	3.202
- average	1.931	1.902	3.768	6.541	6.161	4.596	4.083	3.959	4.273	4.830
- end of period	1.570	2.358	1.728	5.659	6.654	5.819	4.225	4.303	3.808	4.494
Number of outstanding shares (million)										
- at period end	19,297.6	16,779.3	13,368.1	13,278.4	10,351.3	10,303.6	6,249.7	6,316.3	6,296.1	5,046.4
- shares cum dividend	18,330.5	18,329.5	13,372.7	13,195.3	10,357.9	10,342.3	6,338.0	6,316.3	6,296.1	5,131.1
of which: savings shares	*24.2*	*24.2*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*
- average [1]	19,101.8	16,637.8	13,204.6	11,071.6	10,345.2	6,730.3	6,303.6	-	-	-
Dividend										
- total dividends (€ million)	550	550	(*)	3,431	2,486	2,276	1,282	1,080	995	724
- dividend per ordinary share	0.030	0.030	(*)	0.260	0.240	0.220	0.205	0.171	0.158	0.141
- dividend per savings share	0.045	0.045	(*)	0.275	0.255	0.235	0.220	0.186	0.173	0.156

1. Calculated on the number of shares that benefit from the distribution of profit in the form of dividend.

(*) 2008 dividend was paid with cash to savings sharehoders (€0.025 per share, for a total amount of €0.5 million), and with newly issued shares (so called "scrip dividend").

Results of the period

Macroeconomic and banking scenario

Macroeconomic scenario

The world economy recovery in 2010 is mainly attributable to the sudden growth of the emerging counties, especially China and India thanks to the keen demand of private consumers, monetary policies which are still expansive in these countries and the net increase in capital influxes.

The appreciable total growth (+1.70%) also recorded in 2010 in the Eurozone was supported by the excellent performance of exports. In this international context, Italy also recovered from the recession which hit in 2009, but its economic growth (+1.10%) has remained lower than the average recorded in the Euro zone. The increase in exports has been consistent (+7.90%), but the increase in imports (+8.40%), which was even greater, has created the negative balance in payments. The main driving factor behind the growth was domestic demand. The inventories recovery cycle has made a particularly important contribution to the total increase in GDP. In spite of the continuing contraction of the building construction sector, gross investments in property have increased considerably, especially in the first half-year, thanks to the tax relief granted by the so-called Termonti-ter law for capital investments. As a result of the weak performance of the labor market for the entire year, household spending remained relatively modest, recording an increase of slightly above zero.

Banking and financial markets

The reversal of the tendency in private sector loans in the Eurozone goes back to the start of 2010 when the percentage change was positive for the first time compared with the previous corresponding period. The recovery was consolidated in the rest of the year.

In December 2010 loans provided to the private sector in Europe during the year showed an increase of 1.90%, a figure well above the cyclical minimum of -0.80% based on the October 2009 average, but still lower than that prior to the collapse of Lehman Brothers. Loans to households increased by 2.90% (compared with the minimum of -0.30% recorded on an annual basis in September 2009), while loans to businesses showed a further slight decrease (0.20% on an annual basis), even if the positive figures recorded in three of the last five months were obviously encouraging.

As far as Italy in particular is concerned, similar to what happened overall in the Eurozone, 2010 saw an increase in private sector loans.

At December 2010 bank loans to the private sector had increased by 4.30% on an annual basis, 1.70% higher than at the end of 2009.

This increase is mainly attributable to the further increase in loans to households (+7.60% on an annual basis at December 2010 compared with +5.90% in December 2009), but also to the more sustained dynamics of loans to businesses, which returned to positive growth rates (+1.60% in December 2010) compared with -2.30% in the previous twelve months. The gap between the cycle of loans to businesses and that of loans to households should not come as a surprise because it involves a tendency, which is not only common in the entire Eurozone but also very similar to what took place in previous cycles, in which loans to households came into line with the economic cycle performance more quickly, while loans to businesses took more time to react.

Undoubtedly both the very modest investments in property, which in Italy continued to decrease until the fourth quarter of 2010, and the financial situation in the corporate sector, which although improving is still suffering from the high level of company indebtedness have continued to affect company loan dynamics.

Conversely, the performance of bank deposits in Italy for resident customers, excluding repurchase agreements, has remained practically unchanged, recording a net slowdown compared with the 12% increase at the end of 2009. After the appreciable increase recorded in 2009, the performance of bank debentures has become negative (-1.70% at December 2010 compared with +11.20% at the end of 2009).

2010 was a year of progressive reduction for bank rates, as could have been predicted from the careful policy for containing inflation and the interest rates adopted by the ECB. Whilst rates on deposits remained virtually unchanged, the decrease in rates on loans caused a contraction of the differential between lending rates and deposit rates.

In terms of the dynamics of the financial markets, unlike our other reference markets, namely Germany and Austria with outstanding new performances in 2010, after the welcome results of 2009 the Italian stock exchange lost -13.2%, a performance which obviously led to the climate of prudence and reflection which, to sum up, characterized the financial year which has just closed.

Results of the period (Continued)

Main Results and Performance for the Period

The income statement

Breakdown of Operating Profit

As stated, the economic figures which accrued during 2010 were compared with the "condensed" accounting figures of 2009 "restated" taking into consideration the merger by incorporation of UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank as well as UniCredit Bancassurance Management & Administration into UniCredit, with effect from November 1, 2010, but with accounting and fiscal effect from January 1, 2010.

The figures include also the activities relating to the Foreign Subsidiary area.

Condensed income statement

(€ million)

	YEAR			CHANGE	
		2009			
	2010	HISTORICAL	RESTATED	AMOUNT	PERCENT
Net interest	5,043	-587	6,062	- 1,019	- 16.8%
Dividends and other income from equity investments	2,786	1,324	854	+ 1,932	+ 226.2%
Net interest income	**7,829**	**737**	**6,916**	**+ 913**	**+ 13.2%**
Net fees and commissions	3,313	46	3,013	+ 300	+ 10.0%
Net trading, hedging and fair value income	-193	117	137	- 330	n.s.
Net other expenses/income	36	157	-73	+ 109	n.s.
Net non-interest income	**3,156**	**320**	**3,077**	**+ 79**	**+ 2.6%**
OPERATING INCOME	**10,985**	**1,057**	**9,993**	**+ 992**	**+ 9.9%**
Payroll costs	-3,634	-552	-3,676	+ 42	- 1.1%
Other administrative expenses	-3,027	-537	-3,085	+ 58	- 1.9%
Recovery of expenses	375	73	368	+ 7	+ 1.9%
Amortisation, depreciation and impairment losses on intangible and tangible assets	-83	-8	-84	+ 1	- 1.2%
Operating costs	**-6,369**	**-1,024**	**-6,477**	**+ 108**	**- 1.7%**
OPERATING PROFIT (LOSS)	**4,616**	**33**	**3,516**	**+ 1,100**	**+ 31.3%**

Net Interest Income

Net interest income was €7,829 million, with the balance between net interest of €5,043 million and dividends and other income from shares of €2,786 million. Of these, €2,753 million relates to Group companies and €33 million to non-Group companies. The same aggregate in 2009 showed an overall balance of €6,916 million, composed of net interest of €6,062 million and dividends and other income from shares of €854 million (€812 million relating to Group companies and €42 million to non-Group companies).

The balance of net interest records a decrease of €1,019 million compared with the previous year. The negative change can be attributed to the unfavorable trend in rates which brought the Euribor to historically low levels. This phenomenon of gradual reductions in market rates, begun in the end months of 2008, had a negative effect on profitability in 2010. This fall, concentrated in Italy, can be linked to the strong contraction in the spread of demand deposits. By way of example, the average figure for the Euribor three months into 2010 was 0.80% compared with 1.20% in 2009, with a reduction of more 30%.

Moreover, the measures to abolish the maximum overdraft commission from the second half of 2009, booked as an integration of interest revenues, contributed to a reduction in the net interest income on loans.

Under the item dividends and other income from shares, the component relating to Group companies has increased due to the distribution of dividends from UniCredit Bank AG to the tune of €1,633 million; €512 million contribution from UniCredit Real Estate (compared with the corresponding figure for 2009 of €293 million); €120 from UniCredit Bank Ireland, €111 million from Bank Pekao and €190 million from Pioneer (compared with a corresponding figure of €321 million in 2009). The extra-group component, on the other hand, was down €9 million as a result of the sale of Banco Sabadell in the fourth quarter of 2009.

Net Non-Interest Income

Net non-interest income was €3,156 million, an improvement of +€79 million compared with the previous period.

Net fees and commissions was €3,313 million with an increase of €300 million compared with 2009. The most significant increase is due to activities relating to the supply of credit and credit lines and structured finance transactions, advisory services to businesses and institutional customers of CIB. The other Strategic Business Areas (SBA) recorded growth in 2010 compared with the previous year, due to commissions on the sale of asset management products (funds and management) and bancassurance products, especially property/casualty due to the increase in new mortgage disbursements. A significant contribution to the increase in commissions was due to the commission for provision of funds which, as of July 2009, in accordance with the "anti-crisis decree", replaced the maximum overdraft commission which in the first half of 2009 was recorded under net interest income. In 2010 the amount for this new type of commission was €669 million.

The net result of trading, hedging and fair value was negative by -€193 million, compared with a positive result of €137 million in 2009. The 2010 result was produced by the negative fair value of -€82 million of hedging derivatives for securitization, fair value which suffered from the high level of prepayments in the fixed rate mortgage portfolio; -€88 million came from the mark to market of options on UniCredit shares purchased at the end of 2008 at the same time as selling treasury shares; -€77 million was from the valuation of the cost deriving from the contract signed with UniCredit Bank Austria for the sale of CAIB and UniCredit Bank AG companies; and +€72 million was from the repurchase of bonds including €54 million relating to ABS (Asset Backed Securities).

The balance for other income and administrative expenses is positive by €36 million and is compared with -€73 million recorded in the previous period. The main impact in 2010 involves +€98 million connected to the early termination of a fixed rate loan granted to the subsidiary Aspra Finance; and -€75 million for depreciation costs on improvements on third party assets considered inseparable assets.

Operating Costs

Taking into account recovery of expenses, operating costs at the end of 2010 were overall -€6,369 million over -€6,477 million for 2009, an improvement of about +€108 million. This improvement is attributable in practically equal measure to expenses for personnel and other administrative expenses. Indeed, if expenses for personnel (-€3,634 million) in 2010 are reduced by €42 million compared with 2009, administrative expenses likewise will contract in 2010 to €58 million, going from -€3,085 million recorded in 2009 to €3,027 million in 2010. Moreover, expense recoveries, at €375 million in 2010, record a growth of approximate €7 million compared with €368 million in 2009. At the same time, the impact from adjustments in value of tangible and intangible assets is basically stable at -€83 million in 2010, over -€84 million in 2009.

The contraction of expenses for personnel is largely due to the rationalization of the staff, which decreased by 1,944 resources at the end of the period, also in relation to the continuation of the incentive plans on leaving.

The improvement in other administrative expenses, on the other hand, is down to different dynamics in saving the costs listed below:
- €71 million in costs connected to information and communication technology activities;
- €12 million from lower costs linked to real estate activities;
- €57 million in other administrative running costs following efficiency activities and the rationalization of internal processes (including a saving of €15 million in the cost of insurance policies and €17 million in postage expenses);
- €17 million in other indirect taxes and duties,

partly compensated by increased costs in the following items:
- €33 million from legal expenses for loan/debt recovery;
- €22 million from costs linked to events and sponsorship in 2009 from the middle of the year only;
- €22 million from the growth in inter-group fees to UniCredit Business Partners following the outsourcing of several personnel administrative management services (Share Service Center);
- €21 million from technical consulting for design activities.

Operating profit

Operating profit was positive at +€4,616 million, an improvement of +€1,100 million compared with the +€3,516 million for 2009, as a result of both the positive dynamics of revenues and the cut in the operating costs.

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

Net Profit

The items between operating profit and net profit have been reclassified in the following table below.

Net profit (loss)

(€ million)

	YEAR			CHANGE	
		2009			
	2010	HISTORICAL	RESTATED	AMOUNT	PERCENT
OPERATING PROFIT (LOSS)	**4,616**	**33**	**3,516**	**+ 1,100**	**+ 31.3%**
Net provisions for risks and charges	-236	-105	-231	- 5	+ 2.2%
Integration costs	-196	-17	-64	- 132	+ 206.3%
Net write-downs of loans and provisions for guarantees and commitments	-3,774	-108	-3,732	- 42	+ 1.1%
Net income from investments	-3	-205	-263	+ 260	- 98.9%
PROFIT (LOSS) BEFORE TAX	**407**	**-402**	**-774**	**+ 1,181**	**n.s.**
Income tax for the year	376	453	141	+ 235	+ 166.7%
NET PROFIT (LOSS) FOR THE YEAR	**783**	**51**	**-633**	**+ 1,416**	**n.s.**

Provisions for Risks and Charges

The net provisions for risks and charge, equal in total to -€236 million over -€231 million in 2009, essentially refer to legal disputes, tax disputes and claims, also stemming from guarantees given to the subsidiary Aspra Finance following deteriorated transfers of credit made in previous financial years.

Net write-downs on loans

Net write-downs on loans and provisions for guarantees and commitments are equal to -€3,774 million slightly worse to the tune of -€42 million compared with -€3,732 million in 2009. This result comes from the greater offset adjustments from the greater write-backs recorded in 2010. For comments on the dynamics of the so-called "Credit Quality" see the dedicated section.

Integration Costs

Integration costs were -€196 million compared with -€64 million for 2009 and are mainly linked to the leaving incentives for personnel following the reorganization after the One4C integration process.

Net Income from Investments

Net income from investments is -€3 million, an improvement of €260 million compared with -€263 million in 2009.
The following were recorded in 2010:
- gains resulting from several earn-outs in previous disposals of equity investments of €34 million, of which €18 million comes from Atlantia and €16 million from SGSS;
- gains from the disposal of equity investments of €11 million following the sale of UniCredit Suisse Bank;
- disposal of financial assets available for sale +€52 million of which +€27 million for the sale of some Pioneer Funds and +€21 million from Government Bonds' sales;
- adjustments in net value of shares and investment funds equal to -€99 million due mainly to Fondo Idea for -€22 million; Mediobanca warrant for -€20 million, Risanamento for -€18 million and Comital S.p.A. for -€7 million.

In 2009 the negative result of the sector was due mainly to the adjustments in value of shares, only partly balanced out by gains on disposals. The greater adjustments made in 2009 were due to a negative evaluation of the stake in Medio Credito Centrale for -€97 million, in the Banco Sabadell for -€52 million, in Athena Private Equity Fund for -€29 million, in Bank of Valetta for -€26 million and in Fineco Verwaltung for -€23 million.

Taxes on income

Taxes on income for the financial year were positive to the tune of €376 million, an increase of €235 million compared with €141 million in 2009. As a result of the One4C transaction, from 2010 the Bank began to generate an IRAP taxable base rate which will become positive in time. This has made it possible, for the purposes of IRAP, to start deducting the goodwill freed up in 2008 according to Article 15, paragraphs 10 and 11 of Legislative Decree no.185 of November 29, 2008. Therefore booking has been made to record deferred tax assets of €360 million.

Net profit

Company net profit stands at €783 million, an increase of €1,416 million compared with -€633 million in the previous financial year.

The Balance Sheet

Loans to Customers

Loans to customers at December 31, 2010 came to €253,102 million,
a decrease of -€7,619 million compared with net worth at the end of 2009.

Loans and receivables with customers

(€ million)

	AMOUNTS AS AT			CHANGE FROM RESTATED	
		12.31.2009			
	12.31.2010	HISTORICAL	RESTATED	AMOUNT	PERCENT
Performing loans	223,348	29,523	225,088	-1,740	-0.8%
Impaired assets	18,144	200	13,897	+4,247	+30.6%
Repos	7,959	13,535	13,535	-5,576	-41.2%
Debt securities	3,651	8,407	8,201	-4,550	-55.5%
Total loans and receivables with customers	**253,102**	**51,665**	**260,721**	**-7,619**	**-2.9%**
of which:					
units operating in Italy	*250,554*	*49,496*	*258,097*	*-7,543*	*-2.9%*
units operating abroad	*2,548*	*2,169*	*2,624*	*-76*	*-2.9%*

This decrease is due essentially to the operating units in Italy for -€7,543 million, whilst assets relating to operating units abroad decreased by -€76 million.

The decrease is mainly due to Repurchase Agreement transactions with Cassa Compensazione e Garanzia in existence at the end of the financial year (-€5,576 million).

Net impaired loans to customers at the end of 2010 amounting to €18,144 million and stand at 7.2% of the total amount of loans to customers. The increase compared with the €13,897 million at the end of 2009 is due mainly to the corporate business unit.

Credit Quality

As explained in more detail in the dedicated section in the Notes to the Financial Statements, credit monitoring activities and activities connected to the preventive examination of the solvency of debtors constitute the basic elements of UniCredit S.p.A.'s credit policy.

In the same way as for the management and recovery of problematic loans (doubtful loans and non-performing loans), the Bank makes use of the services offered by UniCredit Credit Management Bank S.p.A., the Group bank specialized in the recovery of loans, in which activity is regulated by a special contract and by processes/procedures under constant development, aimed at the constant improvement of recovery performance and their monitoring over time.

At December 31, 2010 the face value of the impaired assets totaled €26,604 million (€19,878 million at the end of 2009 restated), a percentage of 10.1% of the total of nominal uses to customers, an increase of 7.4% compared with the same figure at December 31, 2009 restated. At financial statement values (net of specific value adjustments of €8,460 million), the same assets stand at €18,144 million (€13,897 million at December 31, 2009 restated), equal to 7.2% of total credits (5.3% at the end of 2009 restated).

It appears obvious that the serious crisis (that, already begun in the last quarter of 2008, worsened during 2009 and continued in 2010) is affecting the entire national and international economic system, with repercussions on the ability of debtors to repay and therefore on the successful outcome of the actual loans. In 2010 a careful and prudent classification of "impaired" was therefore provided for problematic borrowing, which overall involved a net flow of approximately 3.4% of the performing loans at the end of 2009; the strict classification was also manifest within the "impaired" category, where non-performing loans (at face value) reached 3.3% of the total of loans to Customers (1.8% at the end of 2009 restated), doubtful loans reached 4.7% (3.9% at the end of 2009 restated) and restructured loans represent around 1% of the overall net worth of loans (0.7% at the end of 2009 restated). The weighting of past-due loans was essentially static (1.1% at the end of 2010).

The increase in the coverage ratio of impaired loans needs to be correlated with such a situation (specific adjustments to the value in relation to the face value), going from 30.1% on December 31, 2009 (restated) to 31.8% at the end of December 2010. Performing loans, which amount to €236,261 million at face value (€248,214 million at December 31, 2009 restated) have been prudently adjusted to include the so-called physiological

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

risk; adjustments in value overall amounted to €1,303 million at the end of December 2010,, with a coverage ratio of 0.55% (essentially static in relation to the restated one at the end of December 2009).

Overall, total loans to customers stood at €262,865 million, with adjustments in value of €9,763 million which take the general degree of cover for customer loans to 3.7% (2.7% at December 31, 2009 restated). The tables below summarize the full details:

Loans to customers asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUST. LOANS
As at 12.31.2010							
Face value	8,789	12,275	2,723	2,817	26,604	236,261	262,865
as a percentage of total loans	*3.34%*	*4.67%*	*1.04%*	*1.07%*	*10.12%*	*89.88%*	
Writedowns	4,066	3,928	160	306	8,460	1,303	9,763
as a percentage of face value	*46.26%*	*32.00%*	*5.88%*	*10.86%*	*31.80%*	*0.55%*	
Carrying value	4,723	8,347	2,563	2,511	18,144	234,958	253,102
as a percentage of total loans	*1.87%*	*3.30%*	*1.01%*	*0.99%*	*7.17%*	*92.83%*	

Loans to customers asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUST. LOANS
As at 12.31.2009							
Face value	4,718	10,463	1,995	2,702	19,878	248,214	268,092
as a percentage of total loans	*1.76%*	*3.90%*	*0.74%*	*1.01%*	*7.41%*	*92.59%*	
Writedowns	2,403	3,200	81	297	5,981	1,390	7,371
as a percentage of face value	*50.93%*	*30.58%*	*4.06%*	*10.99%*	*30.09%*	*0.56%*	
Carrying value	2,315	7,263	1,914	2,405	13,897	246,824	260,721
as a percentage of total loans	*0.89%*	*2.79%*	*0.73%*	*0.92%*	*5.33%*	*94.67%*	

Deposits from Customers and Debt Securities in Issue

Deposits from customers and debt securities in issue, equal to €281,694 million, recorded a decrease of -€4,252 million compared with the end of 2009.

Deposits from customers and debt securities in issue (€ million)

	AMOUNTS AS AT			CHANGE FROM RESTATED	
		12.31.2009			
	12.31.2010	HISTORICAL	RESTATED	AMOUNT	PERCENT
Deposits from customers	158,154	15,911	150,109	+8,045	+5.4%
Debt securities in issue	123,540	131,096	135,837	-12,297	-9.1%
Total deposits from customers and debt securities in issue	**281,694**	**147,007**	**285,946**	**-4,252**	**-1.5%**
of which:					
units operating in Italy	*257,069*	*110,017*	*248,956*	*+8,113*	*+3.3%*
units operating abroad	*24,625*	*36,990*	*36,990*	*-12,365*	*-33.4%*

The decrease of -€4,252 million is the result of two opposing dynamics. On the one side deposits from customers, equal to €158,154 million, grew by €8,045 million over the previous year and this change is due both to the increase in time deposits (+€2,522 million) and the increase in repurchase agreements (+€3,643 million); on the other side, debt securities in issue suffered a contraction of -€12,297 million, also dependent on repayments that took place in the period.

Financial Investments

Financial investments, at €87,451 million, recorded an increase of €15,293 million compared with the end of 2009.

Financial investments (€ million)

	AMOUNTS AS AT			CHANGE	
		12.31.2009			
	12.31.2010	HISTORICAL	RESTATED	AMOUNT	PERCENT
Financial assets at fair value through profit or loss	435	435	473	-38	-8.0%
Available-for-sale financial assets	21,174	9,427	9,986	+11,188	+112.0%
of which:					
- equity investments	*971*	*819*	*945*	*+26*	*+2.8%*
- debt securities, equity instruments and investments funds units	*20,203*	*8,608*	*9,041*	*+11,162*	*+123.5%*
Held-to-maturity investments	3,899	4,059	4,059	-160	-3.9%
Equity investments	61,943	69,912	57,640	+4,303	+7.5%
Total financial investments	**87,451**	**83,833**	**72,158**	**+15,293**	**+21.2%**
of which:					
units operating in Italy	*86,933*	*83,651*	*71,976*	*+14,957*	*+20.8%*
units operating abroad	*518*	*182*	*182*	*+336*	*+184.6%*

Financial assets held to maturity, equal to €3,899 million, decreased by -€160 million compared with the end of 2009. The decrease is due to repayment of some securities that have reached maturity.

Assets available for sale recorded an increase of €11,188 million, mainly due to the increase in bonds and OICR's quotes.

Ownership interests included in this portfolio in 2010 recorded an overall increase of +€26 million, mainly through the effect of the London Stock Exchange revaluation of +€28 million.

Stakes in subsidiaries and associates are €61,943 million, with an increase of €4,303 million compared with 2009 due to the following key factors: (i) the increase in value of UniCredit Bank Austria (+€2,000 million) as a result of the capital increase in March 2010; (ii) the increased book value of Aspra Finance S.p.A. equal to + €3,000 million, through the future capital increase approved by the subsidiary in November; (iii) the reduction in value of the stake in UniCredit Mediocredito Centrale of -€600 million for the spin off made in September in favor of UniCredit Corporate Bank, now UniCredit S.p.A.; and (iv) the restatement of the shareholder value in Bank Pekao (-€77 million) through a lower effective outlay in the final determination of the purchase price of Bank BPH.

For a summary of the performance of the main companies in the various operating sectors of the Group, please refer to the Report on the Consolidated Financial Statements.

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

Interbank Position

The holding company, under its financial activity, recorded a net interbank position balance at the end of 2010 between assets (€33,806 million) and liabilities (€49,024 million) equal to -€15,218 million. Compared with the corresponding restated figures at the end of 2009 (-€12,180 million), the balance recorded an increase in net liabilities of -€3,038 million thanks to an increase in Loans and Receivables with Banks (+€6,039 million) lower than Deposits from Banks (+9,077 million).

As far as Loans and Receivables with Banks is concerned, the increase compared with 2009 (+€6,039 million) is due to the following effects in particular:

- an increase of €1,950 million in the Compulsory Reserve held at the Central Bank;
- an increase of €3,740 million in repurchase agreements to market bank borrowers in order to improve the daily liquidity management by the Treasury;

As far as Deposits from Banks is concerned, following the liquidity crisis which affected the international capital markets, in 2010 the bank gave priority to the collection products on the interbank market that were less sensitive to the offer of institutional investors outside of the Eurozone (in particular, Certificates of Deposit and Commercial Papers in dollars). This strategy is reflected in a growth in Deposits from Banks compared with 2009 (+€9,077 million) due mainly to:

- an increase in refinancing from Central Banks under monetary policy transactions equal to €1,030 million;
- an increase in time deposits of €3,353 million;
- an increase in repurchase agreements equal to €5,790 million.

Interbank position

(€ million)

	AMOUNTS AS AT			CHANGE	
		12.31.2009			
	12.31.2010	HISTORICAL	RESTATED	AMOUNT	PERCENT
Loans and receivables with banks	**33,806**	**203,963**	**27,767**	**+6,039**	**+21.7%**
units operating in Italy	*33,323*	*202,860*	*26,656*	*+6,667*	*+25.0%*
units operating abroad	*483*	*1,103*	*1,111*	*-628*	*-56.5%*
Deposits from banks	**49,024**	**159,607**	**39,947**	**+9,077**	**+22.7%**
units operating in Italy	*37,979*	*149,641*	*29,981*	*+7,998*	*+26.7%*
units operating abroad	*11,045*	*9,966*	*9,966*	*+1,079*	*+10.8%*
NET INTERBANK POSITION	**-15,218**	**44,356**	**-12,180**	**-3,038**	**+24.9%**
units operating in Italy	*-4,656*	*53,219*	*-3,325*	*-1,331*	*+40.0%*
units operating abroad	*-10,562*	*-8,863*	*-8,855*	*-1,707*	*+19.3%*

Shareholders' equity and capital ratios

Shareholders' Equity

Shareholders' equity stood at €57,770 million at December 31, 2010, compared with €53,808 million at the close of the previous financial year. The increases were mainly due to the subscription of the increase in share capital approved by the Extraordinary Shareholders' Meeting of November 16, 2009 (€4,000 million, of which €2,741 million by way of a premium), to the profit for the period (€783 million); these increases were partly compensated for by the distribution of dividends relating to financial year 2009 (-€550 million), the allocation to reserves of incidental costs connected to this capital increase (-€84 million) and the usufruct fees related to financial instruments (so-called cashes) in the service of which almost all the shares subscribed by Mediobanca were subjected, during the capital increase (-€156 million).

Shareholders' equity: annual changes (€ million)

Balance as at 12.31.2009 restated	**53,808**
Increases:	
- share capital increase associated with the exercise of rights	3,916
- net profit for the year	783
- other changes	56
Decreases:	
- paid-out dividends	550
- other changes	243
Balance as at 12.31.2010	**57,770**

Shareholders

The share capital, fully subscribed and paid up, is €9,648,790,961.50 divided into 19,297,581,923 shares with a value of €0.50 each, of which 19,273,342,940 are ordinary shares and 24,238,983 are savings shares.

At December 31, 2010, according to the Register of Shareholders:

- there were approximately 485,000 shareholders;
- resident shareholders held around 41.5% of the capital and foreign shareholders 58.5%;
- 85% of the ordinary share capital is held by legal persons, the remaining 15% by natural persons.

The major shareholders to date are:

Principal UniCredit shareholders (€ million)

SHAREHOLDER	ORDINARY SHARES	% OWNED[1]
1. Mediobanca S.p.A.	991,211,860	5.143%
- of which with right of usufruct in favour of UniCredit S.p.A.	*967,564,061*	*5.020%*
2. Aabar Luxembourg sarl	962,000,000	4.991%
3. Group Central Bank of Libya	961,421,874	4.988%
4. Cassa di Risparmio Verona, Vicenza, Belluno e Ancona Foundation	894,149,221	4.639%
5. BlackRock Inc.	775,638,495	4.024%
6. Cassa di Risparmio di Torino Foundation	639,734,920	3.319%
7. Carimonte Holding S.p.A.	586,289,621	3.042%
8. Libyan Investment Authority	500,000,000	2.594%
9. Group Allianz	395,722,734	2.053%
10. Norges Bank	385,547,368	2.000%

(1) as a percentage of ordinary capital.

Treasury Shares

In 2010 there were no transactions in respect of treasury shares, therefore the balance is unchanged from year-end 2009.

Treasury shares (€ million)

Number of ordinary shares as at 12.31.2010	476,000
Face value per share €	0.50
Total face value €	238,000
% on capital stock	..
Carrying value as at 12.31.2010 €	2,440,001

Regulatory capital and capital ratio

The Regulatory Capital stands at €59,945 million, with €48,129 million made up of tier 1 capital, compared with €58,932 million at December 31, 2009.

The capital ratio, given the ratio between the regulatory capital and the total risk weighted assets is 36.57%.

Organizational Model

Organizational structure

As already emphasized on numerous occasions, in 2010 UniCredit put the One4C ("One for Clients") project into execution.

After the merger following the One4C transaction, UniCredit, as well as fulfilling its role as Parent Company, is now also directly engaging in banking and commercial activities with customers. This is the case in Italy in particular, mainly through direct management of the three Italian networks: Families & Small Medium Enterprises (F&SME), Corporate and Investment Banking (CIB), and Private Banking (PB).

The "One for Clients" project strengthens the already existing divisional model, while conforming to the geographic dimension. For these purposes, four Business Divisions have been created:

- Families & Small-Medium Enterprises (F&SME)
- Corporate & Investment Banking (CIB)
- Private Banking (PB)
- CEE.

Each Division, as regards its own customer/market/geographic area sectors, and with the aim of further strengthening the "client centricity" concept, is mainly focused on customer management strategies, product development, marketing, sales and distribution, its primary responsibility with the Group being the providing and implementing of Group Strategy. The international banking strategy has also been strengthened, characterized by a European focus in terms of management, products, customers, services, and presence on markets in 22 countries.

With the aim of further strengthening the "territorial links" concept, which represents another supporting axis for the One4C Project, the Country Chairman for Germany and the Country Chairman for Austria have been placed directly subordinate to the CEO.

Reporting to the CEO - and with the same aims - is the General Manager, a new position instituted in 2010 to stress responsibility on the Italian market through the Country Chairman for Italy, to whom coordination of the Italian F&SME, CIB, and Private Banking Networks has been conferred. The F&SME, PB and CEE Divisions as well as the Country Chairman for Poland also report to the General Manager. This clearly shows the importance of "traditional commercial banking" activities in the various countries where the Group operates and the importance of such responsibilities both in terms of contribution to overall results as well as in terms of the strategic development of the business.

The CIB Division, on the other hand, reports directly to the CEO, thus more clearly separating responsibilities between the activities of "commercial banking" and "investment banking," which is also in line with the most recent guidelines from the regulatory authorities on an international level.

Also reporting to the CEO is the Chief Operating Officer (COO), a position that concentrates, in a single point of responsibility, all of the management levers for organizational, operational, and service functions (including HR Management) - such as ICT, Operations, Workout, Security - functions responsible for supporting the sustainable growth of the Group business, ensuring the maximum quality of the services offered and optimizing the cost structures and internal processes of the Group.

The UniCredit organizational model also envisages functions oriented toward coordination and control that aim to guide, control and coordinate - for the respective scopes of competence - the management of the activities and the relative risks of the Group as a whole and with regard to the individual entities. The following are within the scope of such functions:

- Competence Lines of Guidance and Control (Internal Audit, Planning, Finance & Administration, Risk Management, Legal and Compliance) responsible for coordinating and controlling - each for its own area of competence - the activities and relative risks at Group level, ensuring governance at a global level (to preserve the consistency and homogeneity of the governance of the Group and the integrated control and mitigation of risks), as well as operational management of local activities of competence for the scope pertinent to UniCredit S.p.A..
- Competence Lines of Guidance and Support (Human Resources - divided into HR Strategy, reporting directly to the CEO, and HR Management - Organization, Identity and Communications, reporting directly to the Chief Operating Officer) responsible for coordinating and supporting - each for its respective competence area - the management of activities at Group level, defining Group policies and guidelines and supporting global functions of the Group.

The CLs Internal Audit, Planning, Finance & Administration, Risk Management, Legal and Compliance, and HR Strategy report to the CEO, also including the following:

- Asset Management, responsible for the development of asset management in all geographic scopes, guiding, coordinating and controlling the development of business activities on a global level.
- Public Affairs, responsible for developing relations with institutional counterparties of interest to the activities carried out by the Group and, in particular, providing support to Group top management for a proactive role in relations with institutions (national, multilateral, and EU).

The commercial network

Operating structure in Italy

The structure resulting from the merger plan is articulated in the following three Italian networks:

- F&SME, which has the primary objective of improving relationships with customers by combining product offerings and service models, reducing costs by reorganizing the distribution network, and streamlining response times due to a change in the lending authority model. Targeting individuals, households, and small businesses, the intention is to satisfy their financial needs by offering them a complete range of high-quality, reliable products and services at competitive prices. There is also reliance on the support of a cross-country marketing unit that sets marketing strategies for different customer sectors and for different channels, offering its customers the best products and services using a global approach and sharing experience gained in various countries.
- CIB, which, after the start-up of the One4C project, relates to corporate and institutional customers with revenues greater than €50 million, while customers below that threshold fall within the F&SME division, continues its strategy of further increasing market share both for plain vanilla products and services as well as for those with higher added value, and optimizing the allocation of capital, maximizing profitability in a sustainable way. In keeping with strategic objectives, in 2010 sales and lending policies were successfully launched that focus on customers with better risk profiles. The success of these initiatives was reflected in a gradual increase in profits, which was due in part to cross-selling, and the concurrent improvement in asset quality.
- PB, which primarily targets medium to high net worth private customers by providing consultancy services and wealth management solutions using a comprehensive approach. In 2010 there was a reallocation, in coordination with the "One4C" project, of customers with assets over €500,000 from other divisions to the Private Banking Division, and vice versa for customers under this threshold.

At December 31, 2010, the distribution network in Italy was comprised of 4,485 banking branches, of which:

- 4,234 are dedicated to covering the F&SME customer segment; the units, depending on the responsibilities attributed and the segments managed, are divided into Territories, Establishments, Banking windows, Small Business Centers, Business Centers, and Development Centers
- 81 dedicated to covering the CIB segment; these units, depending on the activities carried out, are divided into Corporate Centers and Operating Branches
- 170 dedicated to covering the PB segment, which, depending on the responsibilities attributed, are divided into Major Branches and detached Area Branches.

The network of banking branches in Italy ensures homogeneous national coverage of the territory, with a slight prevalence of dedicated units located in the North (44.0%) and in the Center (35.6%). The following is a breakdown of the sales units according to geographical region.

Italian branch network (€ million)

REGION	12.31.2010	%
- Piemonte	467	10.4%
- Valle d'Aosta	21	0.5%
- Lombardia	572	12.8%
- Liguria	100	2.2%
- Trentino Alto Adige	82	1.8%
- Veneto	581	13.0%
- Friuli Venezia Giulia	148	3.3%
- Emilia Romagna	553	12.3%
- Toscana	185	4.1%
- Umbria	89	2.0%
- Marche	99	2.2%
- Lazio	593	13.2%
- Abruzzo	45	1.0%
- Molise	35	0.8%
- Campania	219	4.9%
- Puglia	161	3.6%
- Basilicata	11	0.2%
- Calabria	28	0.6%
- Sicilia	438	9.8%
- Sardegna	58	1.3%
Total branches	**4,485**	**100.0%**

As a result of the process of rationalizing territorial organization as activated following the One4C merger project, the number of banking branches existing at December 31, 2010 declined by 191 compared to the previous year.

A total of 52 foreign trade centers also operate in the national territory, specialized units aiming to provide development of technical operating activities involving the foreign area (documentary credits, documentary transactions, bonds and guarantees, import-export portfolio, gold).

Organizational Model (Continued)

Company activities (Continued)

Branches and representatives abroad

In 2010 the Bank international network was subjected to a network rationalization process aimed at selecting the units with high economic and strategic importance dedicated to CIB customers: in particular, activities were launched for the closing of branches in Paris, Madrid and Hong Kong (the closing will be complete in 2011).

On the other hand, by virtue of the One4C merger, the UniCredit S.p.A. foreign network has added a branch in Munich, active in the Consumer Credit Business and, in particular, focused on personal loan products and revolving cards, a business already operating within the scope of UniCredit Family and Financing.

As regards representative offices, in 2010 the establishment in Tripoli went into operation, an opening that had already been resolved in 2009. Therefore, at the end of 2010, UniCredit S.p.A. had eight branches abroad, three of which, as mentioned, are in liquidation, one is a Permanent Establishment and six are Representative Offices.

UniCredit S.p.A. International Network

(€ million)

BRANCHES	PERMANENT ESTABLISHMENT	REPRESENTATIVE OFFICES
PRC - Hong Kong	AUSTRIA - Vienna	BELGIUM - Brussels
PRC - Shanghai		BRAZIL - Sao Paulo
GERMANY - Munich		PRC - Beijing
GERMANY - Munich (*)		PRC - Guangzhou
UNITED KINGDOM - London		INDIA - Mumbai
UNITED STATES - New York		LYBIA - Tripoli
FRANCIA - Paris		
SPAIN - Madrid		

(*) formerlly Branch of UniCredit Family Financing.

Resources

Personnel developments

At December 31, 2010 the UniCredit S.p.A. headcount was 46,332, compared to 48,276 at December 31, 2009. The restructuring process, already starting in 2008 after the integration of the Capitalia Group, envisions rationalizing personnel by following the Personnel Departure Incentive Plan (solidarity fund and those entitled to pensions) that has led to the departure of 1,993 employees during the year, partially offset by hirings focused on the Commercial Network. 2010 also witnessed activation of the new 2010-2013 general reorganization plan, which aims to review business activities and revise the size of the headcount in enrollment in the new Voluntary Departure Plan for personnel entitled to pensions, which foresees the departure of a further 2,575 employees in the three-year period, with 1,047 already counted in 2011.

Category

	12.31.2010		12.31.2009 RESTATED		12.31.2009 RESTATED	
	TOTAL	*OF WHICH: OUTSIDE ITALY*	TOTAL	*OF WHICH: OUTSIDE ITALY*	IN TOTAL	PERCENT
Senior Management	1,448	*33*	1,375	*101*	+73	+5.3%
Management - 3rd and 4th grade	8,447	*109*	8,486	*103*	-39	-0.5%
Management - 1st and 2nd grade	14,105	*18*	14,513	*18*	-408	-2.8%
Other Staff	22,332	*155*	23,902	*147*	-1,570	-6.6%
Total	**46,332**	**315**	**48,276**	**369**	**-1,944**	**-4.0%**
of which, Part-time staff	*4,637*	-	*4,789*	-	*-152*	*-3.2%*

The composition of the workforce by seniority and by age bracket is shown in the following tables. With respect to educational level, 40% of UniCredit S.p.A. employees have university degrees (mostly in the areas of economics and banking, or law).

A total of 43% of the headcount is female.

Breakdown by seniority

	12.31.2010		12.31.2009 RESTATED		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Up to 10	14,033	30.3%	13,921	28.8%	+112	+0.8%
From 11 to 20 years	10,269	22.1%	10,423	21.6%	-154	-1.5%
From 21 to 30 years	13,840	29.9%	14,182	29.4%	-342	-2.4%
Over 30	8,190	17.7%	9,750	20.2%	-1,560	-16.0%
Total	**46,332**	**100.0%**	**48,276**	**100.0%**	**-1,944**	**-4.0%**

Breakdown by age

	12.31.2010		12.31.2009 RESTATED		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 30	3,065	6.6%	2,964	6.1%	+101	+3.4%
From 31 to 40 years	12,203	26.3%	12,349	25.6%	-146	-1.2%
From 41 to 50 years	16,658	36.0%	16,848	34.9%	-190	-1.1%
Over 50	14,406	31.1%	16,115	33.4%	-1,709	-10.6%
Total	**46,332**	**100.0%**	**48,276**	**100.0%**	**-1,944**	**-4.0%**

Other Information

Report on corporate governance and proprietary structures

Pursuant to Article 123-bis, paragraph 3 of Legislative Decree no. 58 of February 24, 1998, the Report on Corporate Governance and Proprietary Structures is available at the "Governance" section of the UniCredit site. (http://www.UniCreditgroup.eu/it/Governance/corporate_governance_report.htm).

For a description of the corporate governance structure ("Corporate Governance"), reference is made to the appropriate Chapter of the Report of the Consolidated Financial Statements.

The One4C project

In order to respond to changing customer expectations and demands for greater local presence which have emerged in the new international banking environment, in 2010 UniCredit put the One4C (One for Clients) project into execution.

In particular, on April 13, 2010 the UniCredit Board of Directors approved the merger of UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank, and UniCredit Bancassurance Management & Administration into UniCredit, and on August 3, 2010, it resolved in favor of the merger pursuant to Article 2505, paragraph 2 of the Italian Civil Code and Article 23 of the Articles of Association. Finally, on October 19, 2010, the merger agreement was entered into for this project, effective from November 1, 2010.

After the merger, UniCredit, as well as fulfilling its role as Parent Company, now also directly engages in banking and commercial activities with customers. This is the case in Italy in particular, mainly by direct management/coordination of the three Italian networks: Families & Small Medium Enterprises (F&SME), Corporate and Investment Banking (CIB), and Private Banking (PB).

The "One for Clients" project proposes to further increase customer satisfaction through specialization and ever faster response times. All of this involves a simplification of the corporate structure of the Group, thus increasing proximity to the territories and communities in which it operates and safeguarding the most important bank brands (UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia). This project also ensures a more efficient organization, including through the delegation of more decisional powers to the network.

Similar to what is already happening in Austria, Germany and Poland, the mentioned April Board meeting also approved the introduction of a Country Chairman for Italy, Gabriele Piccini (previously CEO of UniCredit Banca and Head of Retail Network Coordination Italy), which represents the point of synthesis for Group business on the Italian market.

The "One for Clients" project, which strengthens the current divisional model of the Group, is focused in Italy, Germany and Austria on four specialized business segments:

- Households, devoted to private clients with assets of up to €500,000;
- SMEs, for businesses with an annual turnover of up to €50 million;
- Corporate Banking, for businesses with an annual turnover of more than €50 million;
- Private Banking, for clients with assets of more than €500,000.

Seven Territorial Areas have been set up in Italy, in which their managers have the task of acting as a point of reference for relations with the principal partners of the local institutions, within the framework of an Italian Network Committee presided over by the Country Chairman, with the participation of the managers of the Territorial Areas and the three network managers (F&SME, CIB and PB) in Italy as well as the manager of Identity and Communications Italy.

Transactions for rationalizing Group operations and other corporate transactions

In 2010, the Group began several projects to rationalize the operations of certain subsidiaries in keeping with the business model and with the aim of achieving greater synergies and cost reductions.

Reorganization of the operations of the subsidiary UniCredit Mediocredito Centrale S.p.A. (MCC)

In 2010, the Group started to reorganize the operations of MCC focusing the company's business on the public sector, and specifically, the promotion and management of government benefit programs for businesses at the national and regional levels to support economic development, and on loan products with preferential terms. As a result, operations were rationalized by reallocating non-core operations within the Group in keeping with the divisional business model, and transferring IT and back office activities to Group companies that perform shared services.

In this context, the following steps were finalized:
- the transfer of MCC's Operational Support Division to UniCredit Business Partner, effective January 1, 2010;
- the transfer of MCC's IT and Back Office Divisions to UniCredit Global Information Services and UniCredit Business Partner respectively, effective April 1, 2010.
- On September 1, 2010, a transaction was also finalized for the partial spin-off of MCC's Corporate Division to UniCredit Corporate Banking, the Group's bank that specializes in the corporate sector, which mainly consists of Project Finance, Structured Corporate Finance, Industry Lending and Structured Trade & Export Finance. As already mentioned, the latter bank was then merged into UniCredit S.p.A. under the merger One4C agreement.

In December 2010, as a part of the project promoted by the Ministry of the Economy and Finance, UniCredit and Poste Italiane S.p.A. ("Poste") signed an agreement for the sale of 100% of MCC to Poste. Following the sale, MCC will be the vehicle used to create Banca del Mezzogiorno.

The transaction is subject to the approval of the appropriate regulatory authorities, and if certain conditions are met, the Group believes it could be completed by the end of first half 2011. In any case, net profit for the period for 2010 and 2011 will still be attributable to UniCredit until the date of the actual transfer of MCC shares.

Transfer of Pension Funds Real Estate Management

Coherently with the new Group organizational model within GBS the "Pension Funds Real Estate Management" Division has been transferred to UniCredit Real Estate. The agreement was signed on December, 16 2009 with effect on January 1, 2010. The transfer involved 21 resocurces with the related balance sheet assets.

Rationalization of the Italian management of the Group's private equity funds

At the beginning of this year, in order to simplify the Group's structure and achieve economic and operational benefits, the Bank initiated the process of merging S+R Investimenti e Gestioni SGR into Sofipa SGR.

This transaction will provide cost savings by eliminating shared expenses, concentrating promotional and management activities for the Group's private equity funds in Italy into a single entity, and making it more effective to access reference markets to raise funds as a single entity.

The merger took effect last July 12.

Rationalization of the Group's non-performing loan operations

In order to rationalize the Group's non-performing loan (NPLs) operations, reduce related administrative costs and optimize the service of managing the Group's non-performing loans from an economic and financial standpoint, last July the Group launched a project to integrate the operations of Aspra Finance S.p.A. (ASPRA) – a special-purpose vehicle that centralized the NPLs of Capitalia and later the NPLs of the other former UniCredit legal entities – into UniCredit Credit Management Bank S.p.A. (UCCMB), both of which are wholly-owned subsidiaries.

The management of NPLs was rationalized by merging ASPRA into UCCMB, which became the Group's bank for the centralized management of NPLs. Centralizing these loans will make it possible to simplify corporate structures and to standardize management and operational policies for NPLs with the resulting optimization of risk-associated costs by rationalizing several of the related administrative activities, such as the possibility of centrally managing legal expenses.

Last September, Banca d'Italia authorized the merger of Aspra into UCCMB, and the transaction went into effect on January 1, 2011.

Other Information (Continued)

Transactions for rationalizing Group operations and other corporate transactions (Continued)

Merge in UniCredit S.p.A. of UniCredit Partecipazioni S.r.l.

On March 16, 2010 UniCredit Board of Directors approved the merge between the wholly owned subsidiary UniCredit Partecipazioni Srl and UniCredit S.p.A. The Merge Project has been approved on August 3, 2010 and on October 19, 2010 the merge have been signed, with effect on November 1, 2010 and accounting and fiscal retroactivity of the merger into account at January 1, 2010.

Project to create a Global Card Payment Company

In order to rationalize and internalize activities supporting the credit and debit card business (so called "Monetica" which includes processes related to issuing credit and debit cards, acquiring POSs and ATMs, managing electronic payments for corporations and government agencies and electronic ticketing), in 2008 a process was launched to improve and coordinate the effectiveness of these activities in support of this business.

To achieve this goal, in August 2010 the Parent Company's Board of Directors approved the launch of a project calling for the creation of a Global Card Payment Company. The company selected for this purpose was the subsidiary Quercia Software S.p.A., which will serve as the only service center supporting the credit and debit card businesses for the entire Group. It will be responsible for providing these services, while banks will continue their role as issuers.

The implementation phase of the project concluded with Quercia Software's purchase of the following divisions, which took effect for legal and tax purposes on January 1, 2011: Card Payment Solutions of UniCredit S.p.A., Global Operations Line Cards and Country Operations Line Cards Italy of UniCredit Business Partner S.C.p.A. and the Debit and Credit Card Division of UniCredit Global Information Services S.C.p.A. The Group also transformed Quercia Software into a joint venture corporation effective as of January 2, 2011, since this is a model that is more suitable for the new corporate purpose, which combines the consortium's objectives of providing services to its consortium members on a preferential basis, with the organizational form used by capital-based companies on the basis of cost-saving and efficiency criteria.

Reorganization of IRFIS - Mediocredito della Sicilia S.p.A.

In October 2010, Banco di Sicilia (which was merged into UniCredit on November 1 as a part of the One4C project), the Parent Company UniCredit and the Region of Sicily signed a letter of intent for the reorganization of the operations and shareholder structure of IRFIS, a company controlled by Banco di Sicilia (about 76.26%) with the remaining stakes held by the Region of Sicily (about 21.00%) and other smaller shareholders (about 2.74%).

At the end of this process, this reorganization project will result in the transfer of control of IRFIS to the Region of Sicily through a complex procedure involving:
- the transformation of IRFIS into a financial company specializing in lending at preferential terms and providing regional funds, and its subsequent registration on the list of financial intermediaries pursuant to Article 106 of the TUB (consolidated banking act), and if appropriate, on the list of special intermediaries maintained by Banca d'Italia with the resulting reduction in current share capital and reserves;
- the sale of the banking business division from IRFIS to UniCredit;
- the purchase by the Region of Sicily of the controlling interest held by UniCredit (formerly Banco di Sicilia) in IRFIS.

At the end of the reorganization project, subject to the authorization of Banca d'Italia, IRFIS will continue its operations in the area of loans with preferential terms and the management of regional funds.

Other transactions involving subsidiaries and associates

Capital increase of UniCredit Bank Austria AG

In March 2010, the subsidiary UniCredit Bank Austria AG (a 99.995% holding of the Parent Company) finalized a capital increase of €2 billion in order to satisfy the expectations of local regulatory authorities and rating agencies, and to bring the company in line with key Austrian competitors in terms of ratios and position themselves favorably to take advantage of opportunities resulting from future economic growth in Austria and Central Eastern Europe. Following the Parent Company's subscription of its applicable share and the unassigned portion, its stake in UniCredit Bank Austria AG rose to 99.996%.

Reorganization of Markets and Investment Banking (former MIB) of UniCredit Bank AG

Within the context of the more articulated process of reorganizing the operations of the former MIB Division, on August 5 an agreement (which went into effect September 1, 2010) was entered into for the transfer of the Corporate Product Specialists division of UniCredit Bank AG to UniCredit Corporate Banking (which was merged into UniCredit on November 1 as a part of the One4C project). This division includes the operations of Corporate Treasury Sales, Corporate Finance Advisory, and Senior Bankers performed through its Milan branch.

Fondo Italiano di Investimento SGR S.p.A

In March 2010, UniCredit participated in the establishment of Fondo Italiano di Investimento SGR S.p.A. This transaction was part of a project developed by the Ministry of the Economy and Finance, Cassa Depositi e Prestiti, UniCredit, Intesa SanPaolo, Monte dei Paschi di Siena, the Italian Banking Association and Confindustria for the creation of an Italian investment fund for small and medium enterprises.

This company was established with initial share capital of €3.5 million, which was increased to €4 million to allow the inclusion of Istituto Centrale delle Banche Popolari Italiane in the shareholder structure. UniCredit holds a 12.50% stake in the company's share capital.

At the end of August Fondo Italiano di Investimento obtained approval from Banca d'Italia for the settlement and authorization for operation. In November, it completed its funding at €1.2 billion, including €1 billion subscribed in equal amounts by the 4 supporting shareholders (Intesa, CDP, MPS and UniCredit) and €200 million by several local banks. The Fund then began reviewing several opportunities to invest in small and medium enterprises and already closed its first investment transaction in December 2010.

Friuli Venezia Giulia Logistical Development Project

In March 2010, UniCredit Corporate Banking (which was merged into UniCredit on November 1 as a part of the One4C project) established a company called UniCredit Logistics Srl in order to conduct studies and research with the aim of promoting infrastructure projects, including the development of a logistics platform in the Upper Adriatic.

In particular, this project, which will be financed mainly using project finance and government lending, and which will be completed over several phases, will be carried out in collaboration with industrial and financial partners and international shipping operators, and calls for:
- the construction of a new terminal in the area of Monfalcone and the expansion of the container terminal in Trieste;
- the improvement/expansion of rail lines and roads going to the terminal;
- the inclusion of individuals and entities involved in this initiative in UniCredit Logistics.

Trieste Passenger Terminal

In August, UniCredit Corporate Banking (which was merged into UniCredit on November 1 as a part of the One4C project) became a promoter of establishing, together with Costa Crociere, Reguardia, Giuliana Bunkeraggi and Assicurazioni Generali, a temporary joint venture that made an offer to be awarded 60% of Trieste Terminal Passeggeri (TTP), the company that operates the passenger terminal at the port of Trieste, which is wholly owned by the local Port Authority. In December, following the award in the competitive bidding procedure, a Newco was established that will acquire the stake of TTP put up for sale by the Port Authority. The Newco was named Trieste Adriatic Maritime Initiatives Srl with share capital of €1 million broken down as follows: UniCredit 31%, Costa Crociere 29%, Giuliana Bunkeraggi 15%, Reguardia 15% and Assicurazioni Generali 10%. Based on the agreements signed, UniCredit will hold a controlling interest in the newly established company for the first five years.

Other Information (Continued)

Other transactions involving subsidiaries and associates (Continued)

Investment in "Desertec Project"

Together with other partners (including Enel Green Power, Siemens, E.ON Energie, Munich Re, RED Eléctrica, Cevital and Deutsche Bank), UniCredit, as the first Italian financial institution, participated in a project (the Desertec Project) involving the development of programs to use solar and wind energy in desert areas in Northern Africa and the Middle East through the construction of photovoltaic plants, wind plants and high-power solar concentration plants.

As a part of the project, last December UniCredit acquired a 5.56% stake in a German registered company (Desertec Industrial Initiative Gmbh) which is to perform feasibility studies and prepare business plans for the projects.

It is expected that participating in this initiative may allow UniCredit to benefit from investment/lending opportunities resulting from the project construction phase, which will begin in 2013.

UniCredit Suisse Bank

In July 2010, UniCredit Private Banking (which was merged into UniCredit on November 1 as part of the One4C project) signed an agreement for the sale of its stake in UniCredit Suiss Bank SA to the company's management with the support of the Banca dello Stato del Cantone Ticino. The transaction was completed on October 14, 2010 after receiving authorization from FINMA (the federal authority overseeing financial markets in Switzerland).

Reorganization of structures and companies of GBS

In the session of December 14, 2010, the Board of Directors approved the guidelines for an overall project named the UGBS Program aimed at simplifying governance and ensuring the cost efficiency of management by rationalizing the operations and units responsible for all services provided by GBS, reducing the number of subsidiaries involved in these processes, maximizing economies of scale, and simplifying procedures for requesting and using services.

Reorganization Auditing activities

Also on January 1, 2011, the Bank acquired the "Audit Methodologies & Monitoring" and "Specialized Audit Center" divisions from the subsidiary UniCredit Audit Scpa, an acquisition drawn up on December 16, 2010 and involving the transfer of 43 employees and related capital items.

Strengthening of capital and other transactions

Extraordinary transactions were carried out in fiscal year 2010, which had commenced in 2009, aimed at strengthening capital and, on the other hand, achieving a position on the market more attentive to customer demands through even greater territorial proximity. An additional capital increase was carried out after the one in the previous fiscal year, and the "One4C" project was put into execution, for which reference is made to the specific chapter.

In the first months of 2010 the following capital increase transactions were carried out:

- To implement the resolution made by the Extraordinary Shareholders' Meeting of November 16, 2009, on January 7, 2010 the Board of Directors determined the final conditions for the capital increase by option, including the subscription price, the option ratio, and the maximum number of shares to be offered.

In the period for the exercise of the option rights, from January 11 to 29 in Italy and Germany and from January 14 to 29 in Poland, newly issued UniCredit ordinary shares were offered to shareholders holding UniCredit ordinary or savings shares at the price of €1.589 per share, of which €1.089 represented share premium, with an option ratio of three newly issued ordinary shares for every 20 ordinary and/or savings shares held. At the end of the option exercise period, 2,472,338,679 new UniCredit ordinary shares were subscribed, equal to 98.23% of the shares included in the option offering.

Unexercised option rights were then offered by UniCredit on the MTA (electronic share market) of Borsa Italiana S.p.A. pursuant to Article 2441, paragraph 3 of the Italian Civil Code; all of these rights were acquired during the first session on February 8, 2010; the outcome of the offering on the stock exchange was the subscription of 44,550,771 new UniCredit ordinary shares, while three shares remained unexercised and were then subscribed by

BofA Merrill Lynch, by virtue of the security agreement assumed by the latter for subscription of the capital increase on behalf of an underwriting consortium coordinated and led by BofA Merrill Lynch itself and by UniCredit Bank A.G., Milan Branch.
As a result of the transactions involving the capital increase by option, 2,516,889,453 new ordinary shares were issued to increase the share capital by €1,258,444,726.50 for a total amount - including the share premium - of €3,999,337,340.82. The capital increase was registered in the Business and Trade Registry on February 24, 2010.

Moreover on March 16, pursuant to the powers granted by the Extraordinary Shareholders' Meeting held on May 12, 2006, the Board of Directors approved a capital increase with a nominal amount of €476,721.00 through the issuance of 953,442 ordinary shares to be allocated to the Group's management holding particularly significant positions connected with the achievement of the Group's overall goals. The resolution for the capital increase was registered in the Business and Trade Registry on March 31, 2010.

Transactions with Group Companies

Below is a summary of the assets, including equity interests, liabilities, guarantees, and commitments outstanding as at December 31, 2010, distinguishing between subsidiaries - whether direct or indirect - and companies subject to significant influence.

(€ million)

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS
Subsidiaries	113,738	51,257	32,436
Companies subject to significant influence	2,055	38	40

With reference to paragraph 12 Article 2.6.2 "Information Undertakings" Chapter 2.6 "Iussuer's Undertakings" of the "Organized Markets managed by Borsa Italiana S.p.A." Code, dated November 8, 2010, here it is confirmed that the conditions stated in Article 36 Consob's Regulation nr. 16191/2007 letters a) b) c) are in place.

With reference to paragraph 8 Article 5 "Information about related parties" of Consob's Regulation about "Rules on transactions with Related Parties" (adopted by Consob with act nr 17221 on March 12, 2010 as modified by act nr 17389 on June 23, 2010), please refer to Noted to the Accounts Part H – Transactions with related Parties.

Policy document on security

Pursuant to Rule 26 of Appendix B (Technical Guidelines on Minimum Security Measures) to Legislative Decree no. 196/2003, "Code on Protection of Personal Data," it is noted that the "Policy Document on Security," referred to in Rule 19 of the mentioned Appendix B, is available at the Bank and will be updated for the year 2011 by March 31, 2011.

Information on Risks

For a full description of the risks and uncertainties that the Bank must face under current market conditions, reference is made to the appropriate section in the Notes to the Financial Statements.

Other Information (Continued)

Shares held by directors, statutory auditors, general managers and other key management personnel

The following table provides information in compliance with Article 79 of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments, most recently with Consob Decision no. 15520 of July 27, 2006.

Shares held by directors, statutory auditors, general managers and other key management personnel

				NUMBER OF SHARES			
POSITION HELD	LAST, FIRST NAME	INTEREST IN	TYPE OF SHARE	HELD AT END-2009[1]	NUMBER OF SHARES	SOLD DURING THE YEAR	HELD AT FINE END-2010[1]
LIST OF DIRECTORS FROM 1 JANUARY UNTIL 31 DECEMBER 2010							
Chairman	Rampl Dieter	UniCredit	ord.	269,342	40,404 [2]	-	309,746
Deputy Vice Chairman	Castelletti Luigi	UniCredit	ord.	-	-	-	-
Vice Chairman	Bengdara Farhat Omar	UniCredit	ord.	-	-	-	-
Vice Chairman	Calandra Buonaura Vincenzo	UniCredit	ord.	46,829	13,950 [2]	-	60,779
Vice Chairman	Palenzona Fabrizio	UniCredit	ord.	-	-	-	-
Director	Belluzzi Giovanni	UniCredit	ord.	-	-	-	-
Director	Bischoff Manfred	UniCredit	ord.	8,867	41,133 [2]	-	50,000
Director	Cucchiani Enrico Tommaso	UniCredit	ord.	-	-	-	-
Director	Fontanesi Donato	UniCredit	ord.	-	-	-	-
Director	Giacomin Francesco	UniCredit	ord.	-	-	-	-
Director	Gnudi Piero	UniCredit	ord.	180,795	27,117 [2]	-	207,912
	indirectly held (spouse)	UniCredit	ord.	322,610		-	322,610
	indirectly held (other)	UniCredit	ord.	507,748	124,551 [2]		632,299
Director	Kadrnoska Friedrich	UniCredit	ord.	-	-	-	-
Director	Li Calzi Marianna	UniCredit	ord.	-	-	-	-
Director	Ligresti Salvatore	UniCredit	ord.	-	-	-	-
Director	Maramotti Luigi	UniCredit	ord.	6,633,867	995,082 [2]	-	7,628,949
Director	Marocco Antonio Maria	UniCredit	ord.	58,161	8,724 [2]	-	66,885
Director	Pesenti Carlo	UniCredit	ord.	29,553		29,553	-
Director	Reichlin Lucrezia	UniCredit	ord.	-	-	-	-
Director	Schinzler Hans-Jürgen	UniCredit	ord.	-	-	-	-
Director	Waigel Theodor	UniCredit	ord.	-	-	-	-
Director	Wyand Anthony	UniCredit	ord.	17,754	2,661 [2]	-	20,415
Director	Zwickl Franz	UniCredit	ord.	4,729		-	4,729

Shares held by directors, statutory auditors, general managers and other key management personnel - continued

POSITION HELD	LAST, FIRST NAME	INTEREST IN	TYPE OF SHARE	NUMBER OF SHARES HELD AT END-2009[(1)]	ACQUIRED DURING THE YEAR	SOLD DURING THE YEAR	HELD AT END-2010[(1)]
DIRECTORS UNTIL 21 SEPTEMBER 2010							
Managing Director/CEO	Profumo Alessandro	UniCredit	ord.	3,373,171	505,974 [(2)]	-	3,879,145
DIRECTORS FROM 30 SEPTEMBER 2010							
CEO	Ghizzoni Federico	UniCredit	ord.	100,000	17,000 [(3)]	-	117,000
	indirectly held (spouse)	UniCredit	ord.	1,773	727 [(4)]		2,500
GENERAL MANAGERS							
General Manager	Nicastro Roberto	UniCredit	ord.	711,209	106,680 [(2)]	-	817,889
BOARD OF STATUTORY AUDITORS FROM 1 JANUARY 2010 UNTIL 31 DECEMBER 2010							
Statutory Auditor	Nicastro Vincenzo	UniCredit	ord.	6,142	921 [(2)]	-	7,063
BOARD OF STATUTORY AUDITORS UNTIL 22 APRIL 2010							
Chairman	Loli Giorgio	UniCredit	ord.	35,471	5,319 [(2)]	-	40,790
	indirectly held (spouse)	UniCredit	risp.	22,333	3,348 [(2)]	-	25,681
Statutory Auditor	Francardo Gian Luigi	UniCredit	ord.	-	-	-	-
Statutory Auditor	Mayr Siegfried	UniCredit	ord.	-	-	-	-
Statutory Auditor	Milanese Aldo	UniCredit	ord.	-	-	-	-
BOARD OF STATUTORY AUDITORS FROM 22 APRIL 2010							
Chairman	Lauri Maurizio	UniCredit	ord.	-	-	-	-
Statutory Auditor	Bisoni Cesare	UniCredit	ord.	-	-	-	-
Statutory Auditor	Rutigliano Michele	UniCredit	ord.	-	-	-	-
Statutory Auditor	Ventoruzzo Marco	UniCredit	ord.	-	-	-	-
KEY MANAGEMENT PERSONNEL		UniCredit	ord.	2,012,847	309,465 [(2)]		2,322,312

(1) or start/end date of position if not the same as the reference periods indicated.
(2) subscription for UniCredit's capital increase resolved by the UniCredit Extraordinary Shareholdings' Meeting on November 16, 2009.
(3) of which nr. 15.000 shares underwritten with the capital increase resolved by the UniCredit Extraordinary Shareholdings' Meeting on November, 16 2009.
(4) of which nr. 264 shares underwritten with the capital increase resolved by the UniCredit Extraordinary Shareholdings' Meeting on November, 16 2009.
(5) of which nr. 290.415 shares underwritten with the capital increase resolved by the UniCredit Extraordinary Shareholdings' Meeting on November, 16 2009.

Subsequent Events and Outlook

Subsequent Events

For the implementation of the Private Banking service model, which provides for full control by the Bank of the investment, administration, and consulting process for the management of the activities of customers belonging to that segment, the Board of Directors, in its meeting of January 20 this year, approved the launch of the process for internalizing the asset management operations of private banking customers into UniCredit, postponing approval of the detailed plan to a later meeting.

With reference to the situation in North Africa, and in particular in Libya, in light of the resolutions by the EU published on 2011, March 11, UniCredit announced that - with regard to its Libyan shareholders - the exercise of the rights attached to the relevant shares will be frozen in compliance with such resolutions.

As at March 22, 2011 the Board of Directors has resolved the issue of the performance shares promised under the 2007 UniCredit Group Long Term Incentive Plan, following the verification of the achievement of the performance targets set in the Plan. To that effect, the Board of Directors confirmed its approval for a free increase in share capital for an amount of nominal € 454.385 corresponding to nr. 908.770 ordinary shares.

As at March 22, 2011 UniCredit S.p.A. and Premafin Finanziaria S.p.A. – Holding di Partecipazioni announced that an agreement has been reached, instrumental to the already announced recapitalization of Fondiaria SAI and of its group.

Also in light of the consolidated relationship between the bank and the leading insurance Group, the agreement is aimed at allowing Premafin to proceed with the capital strengthening of the subsidiary and to allow the Bank to acquire a stable qualified minority shareholding, with the possibility to benefit from the increase of value in the medium-long term.

The agreement also envisages certain changes to the financing contract underwritten between Premafin, UniCredit and the other financing banks on 22 December 2004, and subsequently supplemented and amended most recently on 22 December 2010, whose finalization require the approval of the financing banks.

The Agreement is therefore conditional upon Consob's confirmation, by 30 June 2011, that there is no obligation of a mandatory public offer on Fondiaria-SAI in respect of the execution of the Agreement, and the fulfillment, by the same date, of the necessary waivers pursuant to the Financing Contract.

The Director Mr. Ligresti resigned as at March 22, 2011.

Outlook

2011 will be another year of moderate economic growth. The most reliable forecasts are for expected annual average growth of GDP at 1.10%, the same as in 2010. Overall, in the current year as well investments should continue to drive economic growth. After a probable decline in capital investments at the end of 2010, purchases of machinery should already return to modest growth in the first quarter of 2011.

The cautious optimism on prospects for investments in the current year is mainly based on the strengthening of the fundamentals of the corporate sector.

In 2010 annual business profits returned to positive territory thanks to a constant increase in profitability shown in the most recent quarters. Furthermore, normalization of company indebtedness (which still remains high, however) and the reduction in interest rates (with the resulting lower charges for servicing the debt) have contributed to the capacity for the self-financing of company investment plans. Finally, there has been a gradual increase in the rate of use of production facilities, though remaining far below the long-term average. Such encouraging performance, which should also strengthen in coming quarters, will be another element of moderate benefit to the resumption of investments.

Furthermore, 2011 should witness some recovery in the building construction sector, which, after the dire crisis that started at the end of 2007, should return to growth in the second half of the year, while of limited size. As for residential building construction, increase in mortgage loans and the stabilization of the housing turnover cycle indicate increased demand in 2010, a trend that should strengthen, even if at a more limited rate. The performance of non-residential building construction remains negative but the reduced intensity of the decline forecasts further normalization in the sector as the year continues.

Contrary to the forecasts, private consumption has not been particularly outstanding, given that in Italy the recovery in the labor market is proceeding slower than the average in the Eurozone, particularly in the manufacturing sector. For this reason, the forecast is for consumer dynamics that are still apathetic, but which should regain momentum in the second half of 2011, when the labor market displays clear signals of improvement on the wave of a stronger increase in investments. As for demand abroad, in 2011 we foresee a more restrained increase in exports, a component still of only slight impact given the good staying power displayed by world economic growth.

With respect to the banking context, lending to households is forecast to increase again in 2011 at a relatively sustained rate. The process of normalizing interest rates that the ECB will undertake already in April will be very gradual, however (we foresee that the official interest rate will reach 1.75% by the end of the year). The performance of loans to households will be closely linked to the performance of real estate loans, which, after accelerating in 2010, should continue on the same path, having beneficial effects on increasing GDP thanks in part to a moderate recovery in the real estate sector. In fact, after the declines in the preceding two years, real estate prices should go back upward this year. The most recent – though slight – increase in financing to closely-held capital-based (non-financial) companies in 2011 should be in line with moderate economic activity and with the still modest requirements of businesses for outside financing. In particular, we forecast further improvement in 2011 in the ratio between investments in machinery/equipment and GDP, a ratio that will still remain very far below the long-term average. In addition, the increase in lending to businesses, still highly indebted and thus vulnerable, should remain low in terms of historical values.

Finally, as already mentioned, with respect to the dynamics of the official interest rates, it is forecast that the start-up of a very moderate cycle of interest rate increases by the ECB should bring the three-month Euribor beyond the 2% threshold, thus causing bank interest rates on mortgage loans and on financing to businesses to rise, while the faster increase in the interest rates applied to new loans will expand the spread in relation to the rates for loans already in existence.

The change that is being witnessed in the macroeconomic and financial scenarios thus forecasts growth in revenues for the banking system in Europe in 2011. Income from interest rate margins should, in fact, benefit from the rise in rates.

Furthermore, the positive scenario expected for the EEC countries (with GDP growth in all countries where the Group operates for the first time in 4 years) may take further advantage of the decision to diversify into the geographic areas where UniCredit has positioned itself, with significant improvement in profitability.

The Bank will continue to make ongoing efforts to contain operating costs with the implementation of various projects for improving the efficiency of processes and the best use of available resources.

Taking advantage of a solid capital base and having launched significant transformation projects to achieve even greater proximity between the Bank and the territory (especially the “One for Clients” Project), the Bank is prepared to face 2011 with all human and technical resources at its disposal in order to take advantage of the opportunities in the various markets where it does business.

To summarize, the Bank expects a strong relaunch of commercial activities, always paying attention to local particularities, in part thanks to the support of a strengthened managerial and operating structure.

Milan, March 22, 2011

BOARD OF DIRECTORS

Chairman
DIETER RAMPL

CEO
FEDERICO GHIZZONI

For whatever life brings

Proposals to the Shareholders' Meeting

To the Shareholders:

On the basis of the Report on Operations accompanying these Accounts, we ask you to approve the Accounts of UniCredit S.p.A. as at December 31, 2010 being the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the Accounts, as submitted by the Board of Directors, as a whole and the individual entries thereof.

Allotment of net profit:

2010 Income Statement showed net profits	**€ 783,343,148.77**

which we propose to distribute as follows:

to the Legal Reserve pursuant to art. 32 of the Articles of Association		€ 78,334,314.88
to the Shareholders: - 6.00% of par value of € 9,153,105,824.50 equal to € 0.030 for each of the 18,306,211,649 ordinary shares (*) to be distributed only to the shares outstanding on the coupon date of the dividend, other than own shares	€ 549,186,349.47	
- 9.00% - that is 6.00% for ordinary shares plus a further 3% of par value of € 12,119,491.50 savings shares (equal to € 0.045 for each of the 24,238,983 savings shares)	€ 1,090,754.24	€ 550,277,103.71
to Charity		€ 7,833,000.00
to the Statutory Reserve		€ 146,898,730.18
		€ 783,343,148.77

(*) Comprises 19,273,342,940 ordinary shares already issued as at 12.31.2010 and 908,770 ordinary shares issued in 2011 cum dividend for FY 2010, net of 476,000 treasury shares held by UniCredit SpA at 12.31.2010 and 967,564,061 underlying the financial instruments known as 'cashes' issued at the time of the February 2009 capital increase.

Milan, March 22, 2011

BOARD OF DIRECTORS

Chairman
DIETER RAMPL

CEO
FEDERICO GHIZZONI

For whatever life brings

Company Financial Statements

Notes

The following conventional symbols have been used in the tables:
- a dash (-) indicates that the item/figure is inexistent;
- two stops (..) or "n.s." when the figures do not reach the minimum considered significant or are not in any case considered significant;
- "n.a." indicates that the figure is not available;
- "X" indicates an item not to be completed under Banca d'Italia instructions.

Unless otherwise indicated, all amounts are in **thousands of euros**.

Financial Statements

Company Accounts[1]

Balance sheet

(€)

ASSETS	12.31.2010	12.31.2009
10. Cash and cash balances	2,151,657,623	5,914,198,837
20. Financial assets held for trading	10,128,438,843	6,351,494,995
30. Financial assets at fair value through profit or loss	435,202,246	434,836,657
40. Available-for-sale financial assets	21,174,567,990	9,427,373,124
50. Held-to-maturity investments	3,898,742,638	4,058,611,221
60. Loans and receivables with banks	33,805,642,950	203,963,077,806
70. Loans and receivables with customers	253,102,334,768	51,665,371,007
80. Hedging derivatives	3,202,589,630	4,202,838,573
90. Changes in fair value of portfolio hedged financial assets (+/-)	1,886,334,841	207,709,128
100. Equity investments	61,942,809,502	69,912,252,747
110. Property, plant and equipment	280,802,106	33,450,267
120. Intangible assets:	7,739,123,454	8,769,837,985
of which:		
- goodwill	*7,706,507,260*	*8,738,566,004*
130. Tax assets:	6,954,658,177	5,563,162,554
a) current tax assets	*902,824,262*	*1,562,237,945*
b) deferred tax assets	*6,051,833,915*	*4,000,924,609*
140. Non-current assets and disposal groups classified as held for sale	21,787,435	-
150. Other assets	8,655,518,443	2,452,119,545
Total assets	**415,380,210,646**	**372,956,334,446**

Liabilities and Shareholders' Equity

	12.31.2010	12.31.2009
10. Deposits from banks	49,023,791,434	159,607,448,714
20. Deposits from customers	158,153,689,562	15,910,630,033
30. Debt securities in issue	123,540,012,102	131,096,433,266
40. Financial liabilities held for trading	6,874,503,284	2,938,532,101
50. Financial liabilities at fair value through profit or loss	51,064,151	-
60. Hedging derivatives	3,580,173,891	3,585,294,550
70. Changes in fair value of portfolio hedged financial liabilities (+/-)	1,366,025,300	1,459,548,939
80. Tax liabilities:	494,767,139	614,680,769
a) current tax liabilities	*239,138,775*	*549,495,417*
b) deferred tax liabilities	*255,628,364*	*65,185,352*
100. Other liabilities	11,698,562,089	2,306,490,095
110. Provision for employee severance pay	1,044,857,324	87,196,726
120. Provisions for risks and charges:	1,781,629,984	1,258,130,128
a) post-retirement benefit obligations	*744,350,440*	*878,845,645*
b) other provisions	*1,037,279,544*	*379,284,483*
130. Revaluation reserves	355,375,057	359,821,467
160. Reserves	7,663,632,152	8,712,157,020
170. Share premium	39,322,433,067	36,581,540,453
180. Share capital	9,648,790,962	8,389,869,514
190. Treasury shares (-)	(2,440,001)	(2,440,001)
200. Net Profit or Loss (+/-)	783,343,149	51,000,672
Total liabilities and shareholders' equity	**415,380,210,646**	**372,956,334,446**

1. 2009 figures in the Acconuts and in the following Notes to the Accounts refer to accounting UniCredit S.p.A. Financial Statements as at December 2009, 31.

Income statement

(€)

ITEMS	12.31.2010	12.31.2009
10. Interest income and similar revenues	10,012,428,149	7,042,375,198
20. Interest expense and similar charges	(4,969,683,958)	(7,629,546,878)
30. Net interest margin	**5,042,744,191**	**(587,171,680)**
40. Fee and commission income	3,738,268,721	120,469,114
50. Fee and commission expense	(425,371,595)	(74,589,256)
60. Net fees and commissions	**3,312,897,126**	**45,879,858**
70. Dividend income and similar revenue	2,785,866,029	1,324,235,436
80. Gains and losses on financial assets and liabilities held for trading	(272,137,740)	96,295,424
90. Fair value adjustments in hedge accounting	677,402	-
100. Gains and losses on disposal of:	245,346,000	56,433,751
a) loans	*102,063,903*	*5,917,276*
b) available-for-sale financial assets	*70,318,950*	*73,841,628*
c) held-to-maturity investments	*25*	*(24,741)*
d) financial liabilities	*72,963,122*	*(23,300,412)*
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	5,034,619	43,930,385
120. Operating income	**11,120,427,627**	**979,603,174**
130. Impairment losses on:	(3,835,509,875)	(243,624,549)
a) loans	*(3,686,576,734)*	*(37,280,324)*
b) available-for-sale financial assets	*(71,623,494)*	*(156,196,885)*
c) held-to-maturity investments	-	-
d) other financial assets	*(77,309,647)*	*(50,147,340)*
140. Net profit from financial assets	**7,284,917,752**	**735,978,625**
150. Administrative costs:	(6,856,083,307)	(1,105,241,021)
a) staff expenses	*(3,814,762,328)*	*(567,252,095)*
b) other administrative expenses	*(3,041,320,979)*	*(537,988,926)*
160. Provisions for risks and charges	(236,611,179)	(106,328,425)
170. Impairment/write-backs on property, plant and equipment	(78,041,598)	(5,217,184)
180. Impairment/write-backs on intangible assets	(4,292,506)	(2,696,709)
190. Other net operating income	299,771,373	204,139,094
200. Operating costs	**(6,875,257,217)**	**(1,015,344,245)**
210. Profit (loss) of associates	(996,893)	(122,564,532)
240. Gain and losses on disposal of investments	(996,712)	26,103
250. Total profit or loss before tax from continuing operations	**407,666,930**	**(401,904,049)**
260. Tax expense (income) related to profit or loss from continuing operations	375,676,219	452,904,721
270. Total profit or loss after tax from continuing operations	**783,343,149**	**51,000,672**
290. Net Profit or Loss for the year	**783,343,149**	**51,000,672**

Statement of comprehensive income

(€)

	12.31.2010	12.31.2009
10. Net Profit or Loss for the year	**783,343,149**	**51,000,672**
Other comprehensive income after tax		
20. Available-for-sale financial assets	(318,829,017)	241,389,854
30. Property, plant and equipment	-	-
40. Intangible assets	-	-
50. Hedges of foreign invstments	-	-
60. Cash flow hedges	74,495,635	(49,796,744)
70. Exchange differences	-	-
80. Non-current assets classified held for sale	-	-
90. Actuarial gains (losses) on definited benefit plans	-	-
100. Changes in valuation reserve pertaining to equity method investments	-	-
110. Total of other comprehensive income after tax	**(244,333,382)**	**191,593,110**
120. Comprehensive income (Item 10+110)	**539,009,767**	**242,593,782**

Accounts (Continued)

Statement of changes in shareholders' equity as at 12.31.2010

(€)

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								
							SHAREHOLDERS' EQUITY TRANSACTIONS							
	BALANCE AS AT 12.31.2009	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2010	RESERVES	DIVIDENDS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	OTHER COMPREHENSIVE INCOME STATEMENT AT 12.31.2010	SHAREHOLDERS' EQUITY AS AT 12.31.2010
Share capital:	8,389,869,514	-	8,389,869,514	-	-	-	1,258,921,448	-	-	-	-	-	-	9,648,790,962
a) ordinary shares	8,377,750,022	-	8,377,750,022	-	-	-	1,258,921,448	-	-	-	-	-	-	9,636,671,470
b) other shares	12,119,492	-	12,119,492	-	-	-	-	-	-	-	-	-	-	12,119,492
Share premium	36,581,540,453	-	36,581,540,453	-	-	-	2,740,892,614	-	-	-	-	-	-	39,322,433,067
Reserves:	8,712,157,020	-	8,712,157,020	51,000,672	(550,249,840)	(465,084,480)	(84,894,661)	-	-	-	-	703,441	-	7,663,632,152
a) from profits	1,862,246,403	-	1,862,246,403	51,000,672	(550,249,840)	300,427	(476,721)	-	-	-	-	-	-	1,362,820,941
b) other	6,849,910,617	-	6,849,910,617	-	-	(465,384,907)	(84,417,940)	-	-	-	-	703,441	-	6,300,811,211
Revaluation reserves	359,821,467	-	359,821,467	-	-	239,886,972	-	-	-	-	-	-	(244,333,382)	355,375,057
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Net Profit (Loss) for the year	51,000,672	-	51,000,672	(51,000,672)	-	-	-	-	-	-	-	-	783,343,149	783,343,149
Shareholders' equity	54,091,949,125	-	54,091,949,125	-	(550,249,840)	(225,197,508)	3,914,919,401	-	-	-	-	703,441	539,009,767	57,771,134,386

Statement of changes in shareholders' equity as at 12.31.2009

(€)

	BALANCE AS AT 12.31.2008	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2009	ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								SHAREHOLDERS' EQUITY AS AT 12.31.2009
							SHAREHOLDERS' EQUITY TRANSACTIONS							
				RESERVES	DIVIDENDS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	OTHER COMPREHENSIVE INCOME STATEMENT AT 12.31.2009	
Share capital:	6,684,287,462	-	6,684,287,462	-	-	-	1,705,582,052	-	-	-	-	-	-	8,389,869,514
a) ordinary shares	6,673,434,186	-	6,673,434,186	-	-	-	1,704,315,836	-	-	-	-	-	-	8,377,750,022
b) other shares	10,853,276	-	10,853,276	-	-	-	1,266,216	-	-	-	-	-	-	12,119,492
Share premium	34,070,282,307	-	34,070,282,307	-	-	-	2,511,258,146	-	-	-	-	-	-	36,581,540,453
Reserves:	6,788,218,163	-	6,788,218,163	3,280,544,180	-	4,255,792	(1,417,842,859)	-	-	-	-	56,981,744	-	8,712,157,020
a) from profits	(199,099,370)	-	(199,099,370)	3,280,544,180	-	270,956	(1,219,469,363)	-	-	-	-	-	-	1,862,246,403
b) other	6,987,317,533	-	6,987,317,533	-	-	3,984,836	(198,373,496)	-	-	-	-	56,981,744	-	6,849,910,617
Revaluation reserves	168,228,357	-	168,228,357	-	-	-	-	-	-	-	-	-	191,593,110	359,821,467
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Net Profit (Loss) for the year	3,281,086,844	-	3,281,086,844	(3,280,544,180)	(542,664)	-	-	-	-	-	-	-	51,000,672	51,000,672
Shareholders' equity	50,989,663,132	-	50,989,663,132	-	(542,664)	4,255,792	2,798,997,339	-	-	-	-	56,981,744	242,593,782	54,091,949,125

Accounts (Continued)

Cash flow statement

(€)

	12.31.2010	12.31.2009
A. OPERATING ACTIVITIES		
1. Operations	**776,252,373**	**-1,200,281,929**
- profit (loss) for the period (+/-)	783,343,149	51,000,672
- profit (loss) of merged companies (+/-)	-2,148,660,321	-
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities at fair value through profit and loss (+/-)	220,523,657	-215,478,233
- capital gains/losses on hedging transactions (+/-)	-677,403	-
- net write-offs/write-backs due to impairment (+/-)	4,183,189,913	251,085,753
- net write-offs/write-backs on tangible and intangible assets (+/-)	82,334,104	7,913,894
- provisions and other income/expenses (+/-)	211,287,544	103,052,003
- tax not paid (+/-)	-505,269,563	-481,013,997
- other adjustements	-2,049,818,707	-916,842,021
2. Liquidity generated/absorbed by financial assets	**32,247,972,361**	**-12,673,502,737**
- financial assets held for trading	94,129,449	3,344,596,981
- financial assets at fair value through profit and loss	42,750,707	-73,337,271
- available-for-sale financial assets	-11,653,999,939	-5,795,161,361
- loans and receivables with banks	49,475,834,651	4,459,222,231
- loans and receivables with customers	-9,647,236,112	-15,184,687,394
- other assets	3,936,493,605	575,864,077
3. Liquidity generated/absorbed by financial liabilities	**-38,010,796,989**	**13,244,381,012**
- deposits from banks	-34,095,823,499	1,904,070,328
- deposits from customers	9,915,256,181	6,717,507,651
- debt securities in issue	-13,669,118,543	8,762,395,782
- financial liabilities held for trading	-280,899,590	-1,474,065,453
- financial liabilities designated at fair value through profit or loss	-218,199	-
- other liabilities	120,006,661	-2,665,527,296
Net liquidity generated/absorbed by operating activities	**-4,986,572,255**	**-629,403,654**
B. INVESTING ACTIVITIES		
1. Liquidity generated by:	**4,184,630,012**	**4,704,549,845**
- sales of equity investments	216,492,881	230,819,184
- collected dividends on equity investments	2,752,018,882	1,282,854,440
- sales of financial assets held to maturity	1,215,462,516	3,189,871,114
- sales of property, plant and equipment	579,785	1,005,104
- sales of intangible assets	75,947	-
- disposal of businesses	1	3
2. Liquidity absorbed by:	**-6,226,916,915**	**-1,052,026,450**
- purchases of equity investments	-5,095,811,230	-405,841,327
- purchases of financial assets held to maturity	-1,057,998,903	-643,172,035
- purchases of tangible assets	-70,924,588	-2,228,653
- purchases of intangible assets	-2,182,194	-784,435
- purchase of businesses	-	-
Net liquidity generated/absorbed by investing actvities	**-2,042,286,903**	**3,652,523,395**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares	3,914,919,401	2,798,997,338
- issue/purchase of equity instruments	-	-
- distribution of dividends and other purposes	-696,671,410	-542,664
Net liquidity generated/absorbed by financing actvities	**3,218,247,991**	**2,798,454,674**
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	**-3,810,611,167**	**5,821,574,415**

LEGEND:
(+) generated;
(-) absorbed

Reconciliation

(€)

	12.31.2010	12.31.2009
Cash and cash equivalents at the beginning of the year	**5,914,198,837**	**33,406,999**
Net liquidity generated/absorbed during the period	-3,810,611,167	5,821,574,415
Cash and cash equivalents: effect of exchange differences	48,069,953	59,217,423
Cash and cash equivalents at the end of the period	**2,151,657,623**	**5,914,198,837**

LEGEND:
(+) generated;
(-) absorbed

Notes to the Financial Statements

Part A - Accounting policies

Part A - Accounting policies

A.1 - General

Section 1 - Statement of compliance with IFRS

These Accounts have been compiled according to the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as at December 31, 2010, including SICs and IFRICs, and endorsed by the European Commission, under European Union Regulation 1606/2002, transposed into Italian law by Legislative Decree 38 dated February 28, 2005 (see Section 4 – Other matters). This report is an integral part of the Annual Financial Statements under section 154-ter, paragraph 1 of the Single Finance Act ("TUF"), i.e. Legislative Decree 58 dated February 24, 1998 ("LD 58/98").

In its circular 262 dated December 22, 2005 (first amendment dated November 18, 2009) Banca d'Italia, whose powers as per LD 87/92 in relation to banks' and regulated financial companies' Accounts were confirmed in the above-mentioned LD, laid down the formats for the Accounts and the Notes to the Accounts used to draft these financial.

Section 2 - Preparation criteria

As mentioned above, these Accounts have been prepared in accordance with the IFRS endorsed by the European Commission up to December 31, 2010, pursuant to the above-mentioned Regulation 1606/2002.
The following documents were used to interpret and support the application of IFRS (albeit not endorsed by the EC):
- Framework for the Preparation and Presentation of Financial Statements issued by the IASB in 2001;
- Implementation Guidance, Basis for Conclusions, IFRICs and any other documents prepared by the IASB or IFRIC (International Financial Reporting Interpretations Committee) supplementing the IFRS;
- Interpretative documents on the application of IFRS in Italy prepared by the Organismo Italiano di Contabilità (OIC) and Associazione Bancaria Italiana (ABI).

The accounts comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash¬flow Statement (compiled using the indirect method), the Notes to the Accounts and Annexes, accompanied by the Directors' Report on Operations.
Moreover, as already stated in "Other Information" in the Report on Operations, the "Report on Corporate Governance and Proprietary Structures" is available in the "Governance" section of the UniCredit website (http://www.unicreditgroup.eu/it/Governance/corporate_governance_report.htm - Italian version and http://www.unicreditgroup.eu/en/Governance/corporate_governance_report.htm - English version).

Unless otherwise specified, figures are given in **thousands of euros.** In accordance with Banca d'Italia Circular 262/2005, **items and tables for which there is no significant information to be disclosed are not included in these Notes.**

As noted in the Report on Operations these Accounts were compiled on the assumption that they should present a continuing business. At present there is no uncertainty as to the Company's ability to continue its business operations as envisaged by IAS 1. Measurement criteria are therefore in accordance with this assumption and with the principles of competence, relevance and materiality in financial statements and the priority of economic substance over juridical form. These principles are unchanged from 2009.

Risk and uncertainty due to use of estimated figures

The IFRS require that management provide valuations, estimates and projections with a bearing on the application of accounting principles and the carrying amount of assets, liabilities, expenses and revenue. Estimates and related projections based on experience; other factors judged to be reasonably included were used to estimate the carrying value of assets and liabilities not readily obtainable from other sources.

Estimated figures have been used for the recognition of the largest value-based items in the Accounts at December 31, 2010, as required by the accounting standards and regulations detailed above. These estimates are largely based on calculations of future recoverability of the values recognized in the Accounts under the rules contained in current legislation and were made assuming the continuity of the business, i.e. without considering the possibility of the forced sale of the items so valued.

The processes adopted support the values recognized at December 31, 2010. Valuation was particularly complex given the continuing macro-economic and market situation, which evince unusual volatility in all the financial data indispensable for valuation, and the consequent difficulty in making performance forecasts, even for the short term, in relation to the mentioned financial parameters which significantly affect estimates.

The parameters and information used to check the mentioned values were therefore significantly affected by the above factors, which could change rapidly in ways that cannot currently be foreseen, such that further effects on future balance-sheet values cannot be ruled out.

Estimates and projections are regularly reviewed. Any changes arising from these reviews are recognized in the period in which they are carried out, provided that the change concerns that period. If the reappraisal concerns both current and future periods it is recognized in both current and future periods as appropriate.

Uncertainty affecting estimates is generally inherent in:
• determination of fair value of illiquid assets
• loans and receivables
• severance pay (Italy) and other employee benefits
• provisions for risks and charges
since quantifying all these items is mainly dependent both on the evolution of domestic and international socio-economic conditions and on the performance of the financial markets and its effect on interest rates, stock prices, actuarial assumptions and more generally the creditworthiness of borrowers and counterparties.

Section 3 - Subsequent events

No significant events have occurred since the balance sheet date such that would be necessary to change the information given in the Accounts as at December 31, 2010.
Further details and information are represented in the Report on Operations.

Section 4 - Other matters

On November 1, 2010, and with effect for accounting and tax purposes from January 1, 2010, under the ONE4C programme, UniCredit S.p.A absorbed six banking subsidiaries, viz. UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A., Banco di Sicilia S.p.A., UniCredit Corporate Banking S.p.A., UniCredit Private Banking S.p.A. and UniCredit Family Financing Bank S.p.A. as well as UniCredit Bancassurance Management & Administration S.c.r.l.. Please see the Report on Operations for a full description of this transaction. On November 1, 2010, with effect for accounting and tax purposes from January 1, 2010, UniCredit S.p.A. also absorbed UniCredit Partecipazioni S.r.l..

These mergers, as described above, were retroactively effective for accounting and tax purposes as from January 1, 2010 and entailed absorption of the balances of all the merged entities' balance-sheet and income-statement items as at October 31, 2010.

Please see the Report on Operations for a comparison of P&L and balance-sheet data as at December 31, 2010 with the pro-forma data as at December 31, 2009. The accounts format used in the Report on Operations gives reclassified data: a reconciliation of these to statutory format data is provided in an Annex.

Since 2010 the following principles or accounting interpretations have become effective:

• Improvements to IFRSs (EC regulation 70/2009) (excluding revisions to IFRS1 and IFRS5);
• IAS 27: Consolidated and Separate Financial Statements (EC regulation 494/2009);
• Revised IFRS 1: First Time Adoption of IFRSs (EC regulation CE 1136/2009);
• Amendments to IFRS 1: Additional Exemptions for First-time Adopters (EC regulation 550/2010);
• IFRS 3: Business Combination (EC regulation 495/2009);
• IFRIC 12: Service Concession Arrangements (EC regulation 254/2009);
• IFRIC 15: Agreements for the Construction of Real Estate (Reg. CE 636/2009);
• IFRIC 16: Hedges of a Net Investment in a Foreign Operation (EC regulation 460/2009);
• IFRIC 17: Distribution of Non-Cash Assets to Owners (EC regulation 1142/2009);
• IFRIC 18: Transfers of Assets from Customers (EC regulation 1164/2009);
• Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (EC regulation 839/2009);
• Improvements to IFRSs (EC regulation 243/2010);
• Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions (EC regulation 244/2010), which were issued in June 2009 and superseded IFRIC 8 and IFRIC 11.

It should also be noted that the new IFRS 3 Business Combinations
• specifies, that in the event control is acquired by purchasing interests in the company in successive phases, these must be measured at fair value on the date control is acquired, with any differences in valuation posted to the income statement;
• indicates that transaction costs incurred as a part of business combination transactions must be recorded in the income statement;
• provides further clarifications concerning the valuation, on the purchase date, of assets and liabilities acquired;
• introduces the requirement to measure at fair value any amounts that the purchaser must pay to the seller upon the occurrence of predetermined circumstances following the acquisition date.

In keeping with the revision of IFRS 3, the IASB also revised IAS 27 indicating, among other things, that if there is a loss of control over a subsidiary, the seller must record any remaining interest at fair value with differences posted to the income statement.

Part A - Accounting policies (Continued)

These amendments, as well as those required by the other standards and interpretations mentioned, did not have any impact on year-end balance sheet and income statement.

The above amendments to IFRS 3 and IAS 27 shall apply to future transactions of this kind.

The Group did not avail itself of the possibility of implementing certain accounting principles in advance, endorsed by the European Commission but effective after December 31, 2010, viz.:
- Amendments to IAS 32: Financial Instruments - Presentation - Classification of Rights issues (EC regulation 1293/2009);
- Amendments to IFRS1: Limited Exemption from comparative IFRS7 Disclosures for First-time adopters (EC regulation 574/2010);
- Revised IAS 24: Related Party Disclosures (EC regulation 632/2010);
- Amendments to IFRIC 14 - Prepayments of a Minimum Funding Requirement (EC regulation 633/2010);
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (EC regulation 662/2010).

As at December 31, 2010 the IASB had issued or reviewed the following accounting principles:

- IFRS 9: Financial Instruments (November 2009);
- Improvements to IFRSs (May 2010);
- Amendments to IFRS 7 Financial Instruments: Disclosures (October 2010).

However, the alignment to these principles by UniCredit S.p.A is subject to transposition thereof by the European Commission.

On May 18, 2010 Banca d'Italia issued a document containing regulatory instructions on the treatment of revaluation reserves in respect of debt securities issued by the Central Administrations of EU countries and held as "financial assets available for sale", for the purpose of calculating supervisory capital (prudential filters). The contemplated treatment types and the choice made by UniCredit is explained in part A.2 - Chapter 2 "Available-for-sale Financial Assets" below.

These accounts are audited by KPMG S.p.A. pursuant to LD 39/2010 and the resolution passed by the Shareholders' Meeting on May 10, 2007.

The Board of Directors approved these Accounts on March 22, 2011 and authorized the publication of the essential figures.

The whole document is lodged with the competent offices and entities as required by law.

A.2 - The Main Items of the Accounts

1 - Financial Assets held for trading (HfT)

A financial asset is classified as held for trading if it is:
1. acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
2. part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
3. a derivative (except for derivatives which constitute financial guarantees, see Section 17, and derivatives designated as hedging instruments designated hedging instruments - see Section 6).

On initial recognition (on settlement date) of an HfT financial asset , it is measured at its fair value excluding transaction costs and income; the latter are recognized in profit and loss even when directly attributable to the acquisition or issue of the financial assets. Trading book derivatives are recognized on trade date.

After initial recognition these financial assets are measured at their fair value through profit or loss. Capital instruments i.e. equities are valued at cost if not listed in an active market and if their fair value cannot be reliably determined, so as are derivatives to be settled by delivery of these equity instruments.

If in respect of trading assets held at cost there is any objective evidence of impairment, they are reduced by the amount of impairment through profit and loss, i.e. by the difference between their carrying value and the present value of expected future cash flow. If the impairment should cease, the original value may not be written back.

A gain or loss arising from sale or redemption or a change in the fair value of a HfT financial asset is recognized in profit or loss in item 80 "Gains (losses) on financial assets and liabilities held for trading", with the exception of financial derivatives relating to a fair value option of which gains and losses, whether realized or measured, are booked in item 110. "Gains (losses) on financial assets/liabilities at fair value through profit and loss" (please see Ch. 5). If the fair value of a financial asset falls below zero. it is recognized in item 40 "Financial liabilities held for trading".

A derivative is a financial instrument or other contract with all three of the following characteristics:
1. its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (usually called the 'underlying');
2. it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
3. it is settled at a future date.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract. with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

An embedded derivative is separated from the host contract and recognized as a derivative if:
1. the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
2. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
3. the hybrid (combined) instrument is not measured at fair value through profit or loss.

If it is necessary to separate an embedded derivative from its host contract, but it is not possible to measure the embedded derivative separately either at acquisition or at a subsequent financial reporting date, the entire combined contract is treated as a financial asset or financial liability at fair value through profit or loss.

When an embedded derivative is separated, the host contract is recognized according to its category.

2 - Available-for-sale Financial Assets (AfS)

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments, financial assets held for trading or financial assets at fair value through profit or loss. These assets are held for an indefinite period of time and for the purpose of ensuring liquidity and responding to changes in interest rates, exchange rates and prices.

AfS financial assets are money market instruments, other debt instruments or equity instruments; they include shares held as minority stakes where these do not constitute controlling, or joint control, or associate interests.

On initial recognition, on settlement date, an AfS financial asset is measured at fair value plus transaction costs and income directly attributable to the instrument.

In subsequent periods AfS assets are measured at fair value, the interest on interest-bearing instruments being recognized at amortized cost in the income statement.

Gains or losses arising out of changes in fair value are recognized in equity item 130 "Revaluation reserves" – except losses due to impairment and exchange rate gains or losses on monetary items (debt instruments) which are recognized under item 130.b) "Impairment losses on AfS available for sale financial assets" and item 80 "Gains (losses) on financial assets and liabilities held for trading" respectively - until the financial asset is sold, at which time cumulative gains and losses are recognized in profit or loss in item 100(b) "Gains (losses) on disposal or repurchase of AfS financial assets".

The fair value changes recorded in item 130 "Revaluation reserves" are also reported in the Statement of Comprehensive Income.

With reference to revaluation reserves arising from holdings of debt instruments issued by governments of EU member countries, on May 18, 2010 Banca d'Italia recognized, for the purposes of the calculation of regulatory capital (prudential filters), the possibility of completely neutralizing capital gains and losses arising in the revaluation reserves after 31 December 2009 ("symmetric" approach). UniCredit adopted this method starting from the regulatory capital calculation made in June 2010 and thereby replaced the "asymmetric" approach previously in use.

Equity instruments (shares) not listed in an active market and whose fair value cannot be reliably determined are valued at cost.

Part A - Accounting policies (Continued)

If there is objective evidence of an impairment loss on an available-for-sale financial asset, the cumulative loss that had been recognized directly in equity item 130 “Revaluation reserves”, is removed from equity and recognized in profit or loss under item 130(b) “Impairment losses (b) Available for sale financial assets”.

In respect of debt instruments, any circumstances indicating that the borrower is experiencing financial difficulties which could prejudice the collection of the principal or interest, represent an impairment loss.

Lasting loss of value of equity instruments is assessed on the basis of indicators such as fair value below cost and adverse changes in the environment in which the company operates, as well as the issuer’s debt service difficulties.

The loss of value is normally considered lasting if fair value falls to less than 50% of cost or lasts for more than 18 months.

If however the fall in the fair value of the instrument is over 20% but less than or equal to 50% or continues for no less than 9 but no longer than 18 months, UniCredit reviews further income and market indicators.

If the results of the review are such as to prejudice the recovery of the amount originally invested, a lasting loss of value is recognized.

The amount taken to profit and loss is the difference between carrying amount (acquisition cost less any impairment loss already recognized in profit or loss) and current fair value.

Where instruments are valued at cost, the amount of the loss is determined as the difference between their carrying value and the present value of estimated future cash flows, discounted at the current market yield on similar financial assets.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed and the amount of the reversal is recognized in the same profit or loss item. The reversal cannot result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognized.

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss, but recognized at equity, even when the reasons for impairment no longer obtain.

3 - Held to Maturity Investments (HtM)

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity for which there is the positive intention and ability to hold to maturity.

If, during the financial year, more than an insignificant amount of held-to-maturity investments are sold or reclassified before maturity, the remaining HtM financial assets shall be reclassified as available-for-sale and no financial assets shall be classified as HtM investments for the two following financial years, unless the sales or reclassifications:
a) are so close to maturity or the financial asset’s call date that changes in the market rate of interest would not have a significant effect on the financial asset’s fair value;
b) occur after substantially all of the financial asset’s original principal has been collected through scheduled payments or prepayments;
c) are attributable to an isolated event that is beyond the reporting entity’s control, is non-recurring and could not have been reasonably anticipated.

After initial recognition at its fair value, which will usually be the price paid including transaction costs and income directly attributable to the acquisition or provision of the financial asset (even if not yet settled), a held-to-maturity financial asset is measured at amortised cost using the effective interest method. A gain or loss is recognized in profit or loss in item 100(c) “Gains (losses) on disposal of HtM financial assets” when the financial asset is derecognized.

If there is objective evidence that a held-to-maturity investment is impaired, the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted using the original effective interest rate of the financial asset. The carrying amount of the asset is reduced accordingly and the loss is recognized in profit or loss under item 130(c) “Impairment losses (c) held-to-maturity investments”.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed. The reversal cannot result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognized. The amount of the reversal is recognized in the same profit or loss item.

4 - Loans and Receivables

Loans and Advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized on the date of disbursement to the borrower.

These items are recognized on settlement date and include debt instruments, with the above characteristics or that are subject to portfolio reclassification in accordance with the rules of IAS 39 (see Part A.3.1 below - Transfers between portfolios).

After initial recognition at fair value, which usually is the price paid including transaction costs and income which are directly attributable to the acquisition or issuance of the financial asset (even if not paid), a loan or receivable is measured at amortized cost using the effective interest method, allowances or reversals of allowances being made where necessary on remeasuring.

A gain or loss on loans and receivables that are not part of a hedging relationship is recognized in profit or loss:
• when a loan or receivable is derecognized: in item 100 (a) "Gains (losses) on disposal";
or:
• when a loan or receivable is impaired: in item 130 (a) "Impairment losses (a) loans and receivables".

Interest on loans and receivables is recognized in profit or loss on an accruals basis under item 10 "Interest income and similar revenue".

Delay interest is taken to the income statement on collection or receipt.

A loan or receivable is deemed impaired when it is considered that it will probably not be possible to recover all the amounts due according to the contractual terms, or equivalent value.

Allowances for impairment of loans and receivables are based on the present value of expected net cash flows of principal and interest less recovery costs and any prepayments received; in determining the present value of future cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the rate used.

The amount of the loss on impaired exposure classified as non-performing, doubtful or restructured according to the categories specified below, is the difference between the carrying value and the present value of estimated cash flows discounted at the original interest rate of the financial asset.

In the first year of the transition to IAS/IFRS (2005) and subsequently, if the original interest rate of a financial asset being discounted cannot be found, or if finding it would be excessively onerous, the average rate was applied that was recorded for positions with similar characteristics, which had not deteriorated in the year in which the original deterioration of the asset concerned occurred. For all fixed-rate positions, the rate determined in this manner was also held constant in future years.

Recovery times are estimated on the basis of any repayment schedules agreed with the borrower or included in a business plan or reasonably predicted, based on historical recovery experience observed for similar classes of loans, taking into account the type of loan, the geographical location, the type of security and any other factors considered relevant.

Loans and receivables are reviewed to identify those that, following events occurring after initial recognition, display objective evidence of possible impairment. These impaired loans are reviewed and analysed periodically at least once a year. Any subsequent change vis-à-vis initial expectations of the amount or timing of expected cash flows of principal and interest causes a change in allowances for impairment and is recognized in profit or loss in item 130(a) "Impairment losses (a) loans and receivables".

In the Notes to the Accounts, write-downs of impaired loans are classified as specific in the relevant income statement item even when the calculation is flat-rate or statistical, as indicated below.

If the quality of the loan or receivable has improved and there is reasonable certainty that principal and interest will be recovered in a timely manner according to contractual terms, a reversal is made in the same profit or loss item, within the amount of the amortised cost that there would have been if there had been no impairments.

Derecognition of a loan or receivable in its entirety is made when the loan or receivable is deemed to be irrecoverable or is written off. Write-

Part A - Accounting policies (Continued)

offs are recognized directly in profit or loss under item 130(a) "Impairment losses (a) loans and receivables" and reduce the amount of the principal of the loan or receivable. Reversals of all or part of previous impairment losses are recognized in the same item.
Impaired loans and receivables are divided into the following categories:

Impaired loans and receivables are divided into the following categories:

- **Non-performing loans** - formally impaired loans, being exposure to insolvent borrowers, even if the insolvency has not been recognized in a court of law, or borrowers in a similar situation. Measurement is generally on a loan-by-loan basis or, for loans singularly not significant, on a portfolio basis for homogeneous categories of loans;
- **Doubtful loans -** exposure to borrowers experiencing temporary difficulties, which the Group believes may be overcome within a reasonable period of time. Doubtful loans also include loans not classified as non-performing granted to borrowers other than government entities where the following conditions are met:
  - they have fallen due and remained unpaid for more than 270 days (or for more than 150 or 180 days for consumer credit exposure with an original term of less than 36 months, or 36 months or over, respectively);
  - the amount of the above exposure to the same borrower and other defaulted payments that are less than 270 days overdue, is at least 10% of the total exposure to that borrower.

  Doubtful loans are valued analytically when special elements make this advisable or by applying analytically flat percentages on a historical or stochastic basis in the remaining cases.
- **Restructured loans -** exposure to borrowers with whom a rescheduling agreement has been entered into including renegotiated pricing at interest rates below market, the conversion of part of a loan into shares and/or reduction of principal: measurement is on a loan-by-loan basis including discounted cost due to renegotiation of the interest rate at a rate lower than the original contractual rate;
- **Past-due loans -** total exposure to any borrower not included in the other categories, which at the balance-sheet date has expired facilities or unauthorized overdrafts that are more than 90 days past due.

Retail loans to public-sector entities and companies resident or established in Italy are considered impaired where there are overdue or unauthorized exposures for more than 180 instead of 90 days.

Total exposure is recognized in this category if, at the balance-sheet date,

either

- the expired or unauthorized borrowing;

or

- the average daily amount of expired or unauthorised borrowings during the last preceding quarter are equal to or exceeds 5% of total exposure.

  Overdue exposures are valued at a flat rate on a historical or stochastic basis by applying where available the risk rating referred to Loss Given Default (LGD) under Basel 2.

Collective assessment is used for groups of loans for which individually there are no indicators of impairment, but to which latent impairment can be attributed, inter alia on the basis of the risk factors in use under Basel 2.

Each loan with similar characteristics in terms of credit risk - in relation to loan type, the borrower's sector of economic activity, geographical location, type of security or other relevant factors - is assessed in terms of its PD (Probability of Default) and LGD (Loss Given Default); these are uniform for each class of loan.

The methods used combine Basel 2 recommendations and IFRS. The latter exclude future loan losses, not yet sustained, but include losses already sustained even if they were not manifest at the date of measurement, on the basis of past experience of losses on assets with a similar risk profile to that of the assets being measured.

The parameter for the average period from deterioration of a borrower's financial condition and its classification as an impaired loan is the *Loss Confirmation Period.*

The portfolio valuation is the product of the risk factors used under Basel 2 (with a one-year time horizon) and the above loss confirmation periods expressed as part of a year and diversified according to asset class on the basis of the characteristics and development level of the credit processes.

If these indicators are not available, estimated value and standard loss percentages, based on internal historical series and sectoral studies, shall be used.

Allowances for unsecured loans to residents of countries experiencing debt service difficulties, where the transfer risk is not included in the rating system applied, are generally determined, country by country, with the aim of attributing latent impairment on the basis of shared parameters. Allowances for impairment reduce the loan or receivable's carrying amount.

Loans and receivables also include, according to the applicable product breakdown, loans securitized after 1 January 2002 which cannot be derecognized under IAS 39.

Corresponding amounts received for securitized loans net of the amount of any retained risk (issued securities retained in the portfolio) are recognized in liability items 10 "Deposits from banks" and 20 "Deposits from customers" as "Liabilities in respect of assets sold but not derecognized".

Both assets and liabilities are measured at amortized cost and interest received is recognized through profit or loss.

Impairment losses on retained risk securities (arising out of securitization transactions carried out by the entity) are recognized in item 130(a) "Impairment losses (a) loans and receivables".

Guarantees, etc.

These include all personal or real guarantees issued by the bank to secure third parties' obligations.

This portfolio is valued on the basis of impairment losses due to a worsening of the solvency of the guaranteed party calculated on a case-by-case basis in respect of guarantees given on behalf of debtors classified as non-performing or restructured. Impairment of guarantees given on behalf of debtors classified as doubtful is calculated as for loans and advances.

In respect of guarantees issued on behalf of debtors classified as past due over 180 days, expected loss is calculated on the basis of the riskiness of the type of guarantee and underlying risk mitigation factors measured when calculating Loss Given Default.

In respect of guarantees issued on behalf of debtors classified as performing or past due between 90 and 180 days including those with impaired overdue exposure, expected loss is calculated on the basis of the amount of losses incurred but not reported due to the time elapsed between the deterioration of creditworthiness and the calling of the guarantee (the Loss Confirmation Period).

Risk arising from off-balance sheet items, e.g. loan commitments, is recognized in profit and loss under item 130(d) "Impairment Losses on other financial assets" contra liability item 120 (b) "Provisions for risks and charges – other provisions" (except for impairment losses on guarantees given and derivatives considered similar by IAS 39, which are written down or back contra liability item 100 "Other Liabilities").

Subsequent write-backs may not exceed the amount of write-downs (whether individual or generic) previously recognized due to impairment.

5 - Financial Instruments at Fair Value through Profit or Loss (FIaFV)

Any financial asset may be designated as a financial instrument measured at fair value through profit and loss on initial recognition, except for the following:

• investments in equity instruments for which there is no price quoted in active markets and whose fair value cannot be reliably determined;
• derivatives.

FIaFV include non-HfT financial assets, but whose risk is:
• connected with debt positions measured at fair value (see also item 15 "Financial liabilities at fair value through profit and loss");
• managed by the use of derivatives not treatable as hedges.

FIaFV are accounted for in a similar manner to HfT financial assets (see Section 1), however gains and losses, whether realised or not, are recognized in item 110 "Gains (losses) on financial assets and liabilities measured at fair value".

6 - Hedge Accounting

Hedging instruments are those created to hedge market risks (interest-rate, currency and price) to which the hedged positions are exposed. They may be described as follows:
a) Fair value hedge: a hedge of the exposure to changes in fair value of a recognized asset or liability, or an identifiable portion of such an asset or liability;

Part A - Accounting policies (Continued)

b) Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction which could affect profit or loss;
c) Hedge of a net investment in a foreign operation.

Hedging derivatives are recognized on trade date and are valued at their current value.

A hedging relationship qualifies for hedge accounting if there is formal designation and documentation of the hedging relationship including the risk management objective, the strategy for undertaking the hedge, and how the hedging instrument's future and retrospective effectiveness will be assessed. It is necessary to assess the hedge's effectiveness, at inception and in subsequent periods, in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

A hedge is regarded as highly effective if, at the inception of the hedge and in subsequent periods, it is determined prospectively to remain highly effective, i.e. that the hedge ratio is within a range of 80-125 per cent.

The hedge is assessed on an ongoing basis and thus must prospectively remain highly effective throughout the financial reporting periods for which the hedge was designated.

The assessment of effectiveness is made at each balance-sheet date or other reporting date. If the assessment does not confirm the effectiveness of the hedge, from that time on hedge accounting is discontinued in respect of the hedge and the hedging derivative is reclassified as a held-for-trading instrument.

In addition, the hedging relationship ceases when the hedging instrument expires or is sold, terminated or exercised; the hedged item is sold, expires or is repaid; or it is no longer highly probable that the forecast transaction will occur.

Hedging instuments are so designated when identifiable with an ultimate counterparty outside the Group.

Hedging derivatives are measured at fair value. Specifically:
1. **Fair Value Hedging -** an effective fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value is recognized through profit or loss in item 90 "Fair value adjustments in hedge accounting"; the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized through profit or loss in the same item. If the hedging relationship is terminated for reasons other than the sale of the hedged item, the difference between the carrying amount of the hedged item on termination of the hedging and the carrying amount it would have had if the hedge had never existed, is recognized through profit or loss in interest receivable or payable over the residual life of the original hedge, in the case of interest-bearing instruments; if the financial instrument does not bear interest, the difference is recognized in profit or loss under item 90 "Fair value adjustments in hedge accounting" at once.
   If the hedged item is sold or repaid, the unamortised portion of fair value is at once recognized through profit or loss in the item 100. "Gains (losses) on disposal or repurchase";
2. **Cash Flow Hedging -** hedging instruments are valued at current value. Change in the fair value of a hedging instrument that is considered effective is recognized in equity item 130 "Revaluation reserves". The ineffective portion of the gain or loss is recognized through profit or loss in item 90 "Fair value adjustments in hedge accounting".

   If a cash flow hedge is determined to be no longer effective or the hedging relationship is terminated, the cumulative gain or loss on the hedging instrument that remains recognized in "Revaluation reserves" from the period when the hedge was effective remains separately recognized in "Revaluation reserves" until the forecast transaction occurs or is determined to be no longer possible; in the latter case gains or losses are transferred through profit or loss to 80 "Gains (losses) on financial assets and liabilities held for trading". The fair value changes recorded in item 130 "Revaluation reserves" are also disclosed in the Statement of Comprehensive Income.
3. **Hedging a Net Investment in a Foreign Operation -** hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges:
   - the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in item 130 "Revaluation reserves" through the statement of changes in equity;
   - the ineffective portion is however recognized through profit or loss in item 90 "Fair value adjustments in hedge accounting".

- The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognized directly in equity is recognized through profit or loss on disposal of the foreign operation. The fair value changes recorded in item 130 “Revaluation reserves” are also disclosed in the Statement of Comprehensive Income.

4. **Macro-hedged financial assets (liabilities) -** IAS 39 allows a fair-value item hedged against interest rate fluctuations to be not only a single asset or liability but also a monetary position contained in a number of financial assets or liabilities (or parts of them); accordingly, a group of derivatives can be used to offset fair-value fluctuations in hedged items due to changes in market rates. Macro hedging may not be used for net positions resulting from the offsetting of assets and liabilities.
   As for fair value hedges, macro hedging is considered highly effective if, at the inception of the hedge and in subsequent periods, changes in the fair value attributable to the hedged position are offset by changes in fair value of the hedging instrument and if the hedge ratio is within the range of 80-125 per cent. Net changes - gains or losses - in the fair value of macro hedged assets and liabilities are recognized in asset item 90 and liability item 70 respectively and offset the profit and loss item 90 “Fair value adjustments in hedge accounting “.

   The ineffectiveness of the hedging arises to the extent that the change in the fair value of the hedging item differs from the change in the fair value of the hedged monetary position. The extent of hedge ineffectiveness is in any case recognized in profit and loss item 90 “Fair value adjustments in hedge accounting”.

   If the hedging relationship is terminated, for reasons other than the sale of the hedged items, the remeasurement of these items is recognized through profit or loss in interest payable or receivable, for the residual life of the hedged financial assets or liabilities.

   If the latter are sold or repaid, unamortized fair value is at once recognized through profit and loss in item 100. “Gains (losses) on disposal or repurchase”.

7 - Equity Investments

Equity investments are equity instruments and consequently defined as financial instruments under IAS 32.

Investments in equity instruments made with the intention of establishing or maintaining a long-term operational relationship with the investee are strategic investments.

The following are the types of equity investment:

Subsidiaries

Subsidiaries are entities of which:

1. The parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
2. The parent owns half or less of the voting power and has:
   (a) power over more than half of the voting rights by virtue of an agreement with other investors;
   (b) power to govern the financial and operating policies of the entity under a statute or an agreement;
   (c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
   (d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity.

Associates

An associate is a company over which the investor has significant influence and which is neither a subsidiary nor an interest in a joint venture.

If an investor holds, directly or indirectly, 20 per cent or more of the voting power of another company, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case.

If the investor holds, directly or indirectly, less than 20 per cent of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Investments in subsidiaries, associates and joint ventures are measured at cost.

Part A - Accounting policies (CONTINUED)

The purchase price of an equity investment is the sum of:
- the fair value, at the date of acquisition, of the assets sold, liabilities assumed and equity instruments issued by the purchaser in exchange for control of the investee
  and
- any cost directly attributable to the acquisition.

If there is reason to believe that the value of an equity investment is impaired, the recoverable value of the investment is estimated, taking into account its fair value if it is a listed instrument or its value in use if the investment is in an unlisted company. The value in use of an unlisted company is determined where possible using internal measurement models in general use in financial business.

If there is evidence that an equity investment may have become impaired, its carrying value is compared with its recoverable value, which is determined on the basis of its value in use, in turn calculated by means of valuation models in general use in financial business, which discount expected future cash flow from the equity investment.

If it is not possible to obtain sufficient information the value in use is considered to be the net worth of the company.

If the recovery value is less than the carrying value, the difference is recognized through profit or loss in item 210. "Profit (loss) of associates". If the reasons for impairment are removed following a subsequent event occurring after the recognition of impairment, writebacks are made through same profit or loss item.

Equity investments considered strategic investments not covered by the above definitions and not recognized in item 140. "Non-current assets and disposal groups held for sale" or item 90. "Liabilities associated with assets held for sale" (see Section 10), are classified as available for sale financial assets or financial assets measured at fair value, and treated accordingly (see Sections 2 and 5).

8 - Property, Plant and Equipment

The item includes:
- land
- buildings
- furniture and fixtures
- plant and machinery
- other machinery and equipment

and is divided between:
- assets used in the business
- assets held as investments.

Assets used in the business are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period. This category also (conventionally) includes assets to be let or under construction and to be leased under a finance lease, only for those finance leases which provide for retention of risk by the lessor until the acceptance of the asset by the lessee and the start of rentals under the finance lease (any finance leases with transfer of risk are recognized as loans and receivables).

The item includes assets used as lessee under a finance lease, or let/hired out as lessor under an operating lease.

Property, plant and equipment also include leasehold improvements relating to assets which can be which can be separately identified. They are classified according to the specific sub-items relating to the asset type (e.g. plants). Leasehold improvements are usually borne in order to make leased premises fit for the expected use.

Improvements and additional expenses relating to property, plant and equipment identifiable but not separable are recognized in item 150 "Other assets".

Assets held for investment purposes are properties covered by IAS 40, i.e. properties held (owned or under a finance lease) in order to derive rentals and/or a capital gain.

Property, plant and equipment are initially recognized at cost including all costs directly attributable to bringing the asset into use (transaction costs, professional fees, direct transport costs incurred in bringing the asset to the desired location, installation costs and dismantling costs).

Subsequent costs are added to the carrying amount or recognized as a separate asset only when it is probable that there will be future economic benefits in excess of those initially foreseen and the cost can be reliably measured.

All other expenses borne at a later time (e.g. normal maintenance costs) are recognized in the year they are incurred in profit and loss items:
150(b) “General and administrative expenses”, if they refer to assets used in the business;
or
190 “Other net operating income”, if they refer to property held for investment.

After being recognized as an asset, an item of property, plant and equipment is carried at cost less any accumulated depreciation and any cumulative impairment losses.

An item with a finite useful life is subject to straight-line depreciation.

Residual useful life is usually assessed as follows:

Buildings	max. 33 years;
Movables	max. 7 years;
Electronic equipment	max. 12 years;
Other	max. 7 years;
Leasehold Improvements	max. 15 years.

An item with an indefinite useful life is not depreciated, nor is an asset the residual value of which is equal to or greater than its carrying amount.

Land and buildings are recognized separately, even if acquired together. Land is not depreciated since it usually has an indefinite useful life. Buildings, conversely, have a finite useful life and are therefore subject to depreciation.

The useful life of an asset is reviewed at least at each accounting period-end on the basis inter alia of the conditions of use of the asset, of maintenance conditions and expected obsolescence, and, if expectations differ from previous estimates, the depreciation amount for the current and subsequent financial years is adjusted accordingly.

If there is objective evidence that an asset has been impaired. the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e., the present value of future cash flow expected to originate from the asset. Any value adjustment is recognized in profit and loss item 170 “Impairment/write-backs on property, plant and equipment”.

If the value of a previously impaired asset is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there had been no losses recognized on the prior-year impairment.

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or sale in the future and any difference between sale proceeds and carrying value is recognized in profit and loss item 240 “Gains (losses) on disposal of investments”.

9 - Intangible Assets

An intangible asset is an identifiable non-monetary asset with utility of more than one year without physical substance from which future economic benefits are probable.

Intangible assets are principally goodwill, software, brands and patents.

This item also includes intangible assets used as lessee under finance leases or as lessor under operating leases (rental/hire).

Intangible assets other than goodwill are recognized at purchase cost, i.e. including any cost incurred to bring the asset into use, less accumulated amortisation and impairment losses.

Costs sustained after purchase are:
- added to initial cost, provided they increase future economic benefits arising from the underlying asset (i.e. if they increase its value or productive capacity) or
- in other cases (i.e. when they do not increase the asset’s original value, but are intended merely to preserve its original functionality) are taken to profit or loss in a single amount in the year in which they have been borne.

An intangible asset with a finite life is subject to straight-line amortisation over its estimated useful life.

Part A - Accounting policies (Continued)

Residual useful life is usually assessed as follows:

Software	max. 5 years;
Other intangible assets	max.5 years.

Intangible assets with an indefinite life are not amortized.

If there is objective evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e. the present value of future cash flows expected to originate from the asset. Any impairment loss is recognized in profit and loss item 180 “Impairment/write-backs on intangible assets”.

For an intangible fixed asset with indefinite life even if there are no indications of impairment, the carrying amount is compared annually with its recoverable value. If the carrying amount is greater than the recoverable value, the difference is recognized in profit and loss item 180 “Impairment/write-backs on intangible assets”.

If the value of a previously impaired intangible asset, other than goodwill is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there were no losses recognized on the prior-year impairment.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or sale in the future and any difference between sale proceeds and carrying value is recognized in the profit and loss item 240 “Gains (losses) on disposal of investments”.

Goodwill

Goodwill is the excess of the cost of a business combination over the net fair value of the identifiable assets and other items acquired at the acquisition date.

Goodwill arising on the acquisition of a company being merged or absorbed is recognized as an intangible asset. Goodwill arising from the acquisition of subsidiaries, non-controlling interests and joint ventures is implicit in the acquisition cost and, therefore, shall be recognized through investment in associates and joint ventures.

Goodwill is recognized at cost less any cumulative impairment losses and is not amortised.

Goodwill is tested for impairment annually, as for other intangible assets with an indefinite life. To this end it is allocated to the equity investment according to the Group’s business areas model, which is the lowest level at which goodwill is monitored.

Impairment losses on goodwill are recognized in profit and loss item 230 “Impairment losses on goodwill”. In respect of goodwill, no write-backs are allowed.

10 - Non-current Assets Held for Sale

Non-current assets and the group of associated liabilities (i.e. a group of units generating financial cash flow) whose sale is highly probable, are recognized in item 140 “Non-current assets and disposal groups held for sale” and item 90 “Liabilities associated with held-for-sale assets” respectively at the lesser of the carrying amount and fair value net of disposal costs.

The balance of revenue and expense relating to these assets and liabilities (dividends, interest etc.) and of their measurement as determined above, net of current and deferred tax, is recognized in the item 280 “Gains (losses) on groups of assets held for sale net of tax”.

The revaluation reserves relating to Non-current assets held for sale, which are recorded as a contra item to changes in value relevant for this purpose (see A.1 – General, Section 2 General Principles), are reported separately in the Statement of Comprehensive Income.

11 - Current and Deferred Tax

Using the balance sheet liability method current and deferred tax items are:
- current tax assets, i.e. tax paid in excess of corporate tax amounts due under current regulations;
- current tax liabilities, i.e. corporate tax payable under current regulations;
- deferred tax assets, i.e. corporate tax savings that may be made in future periods as a consequence of deductible timing differences (mainly charges deductible in the future under current corporate tax regulations);
- deferred tax liabilities, i.e. income tax payable in future periods as a consequence of taxable timing differences (mainly the deferral of tax on revenue or advance deduction of costs under current corporate tax regulations).

Current and deferred tax is recognized using the applicable ruling tax rates. Current corporate tax ("IRES") is calculated at a rate of 27.5%; the regional tax on productive activity ("IRAP") is calculated at 4.77% plus the regional surtax where applicable.

Deferred tax assets and liabilities are recognized using the tax rates that are expected to apply in the financial year in which the tax asset is realized or the tax liability is settled, on the basis of ruling tax regulations or regulations *de facto* ruling at the time of recognition.

Deferred tax assets and liabilities are systematically valued to reflect changes in regulations.

Deferred tax assets are recognized only if there is a probability of recovery in respect of expected future taxable income on the basis of the bank's ability to produce taxable income in future financial years, by reason of the *consolidato fiscale* [tax consolidation of Italian subsidiaries]. Deferred tax liabilities are always recognized.

Contra-entry of deferred tax assets and liabilities, whether current or deferred, is generally the Income Statement (item 260 "income tax on current business"). When however deferred tax assets and liabilities, whether current or deferred, relate to transactions whose result is to be taken direct to equity, the resulting tax assets and liabilities are taken direct to equity. These include assets and liabilities relating to gains and losses on AfS financial assets and changes in the fair value of cash-flow hedging instruments.

IRES is determined on the basis of the National Tax Consolidation rules pursuant to LD 344/03; UniCredit S.p.A. opted to apply tax consolidation of the Group's Italian entities for the three-year period 2008-2010 (see also Part B of these Notes - Section 13.7 - Further Information).

12 - Provisions for Risks and Charges

Retirement Payments and Similar Obligations

Retirement provisions - i.e. provisions for employee benefits paid after leaving employment - are classified as defined contribution plans or defined-benefit plans according to the nature of the plan.

In detail:
- Defined-benefit plans provide a series of benefits depending on factors such as age, years of service and compensation needs. Under this type of plan actuarial and investment risks are borne by the company.
- Defined-contribution plans are plans under which the company makes fixed contributions. Benefits are the result of the amount of contributions paid and return on contributions invested. The employer has no risk under this type of plan. since it has no legal or implicit obligation to make further contributions, should the plan assets not be sufficient to provide benefit to all employees. Therefore, under this type of plan actuarial and investment risks are borne by the employee.

Defined-benefit plans are present-valued by an external actuary using the unit credit projection method.

This method distributes the cost of benefits uniformly over the employee's working life. Obligations are the present value of average future benefits pro rata to the ratio of years of service to seniority at the time of benefit payment.

The amount recognized as a liability in item 120(a) is the present value of the obligation at the Balance Sheet Date, plus or minus any actuarial gains or losses not recognized in the Accounts under the 'corridor' method, which permits non-recognition of these when they do not exceed 10% of the present value of the obligation and 10% of the fair value of any plan asset, less any pension charges relating to benefits already provided but not recognized, less the fair value at the Balance Sheet Date of plan assets due to settle the obligations directly.

The discount rate used to present-value obligations (whether financed or not) relating to benefits to be provided after retirement varies according to the country where the liabilities are allocated and is determined on the basis of market yield at the Balance Sheet Date of prime issuers' bonds with an average life in keeping with that of the relevant liability.

Part A - Accounting policies (CONTINUED)

Other Provisions
Provisions for risks and charges are recognized when:

- The entity has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no liability is recognized.

The amounts recognized as provisions are the best estimate of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround the relevant events and circumstances are taken into account in reaching the best estimate of a provision.

Where the effect of the time value of money is material (generally when payment is to be made more than 18 months from recognition, the amount of the provision should be the present value of the expenditure expected to be required to settle the obligation. The discount rate used is a pre-tax rate that reflects current market assessments of the temporary value of money and the risks specific to the liability.

Provisions are reviewed periodically and adjusted to reflect the current best estimate. If it becomes clear that it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions are used only for expenses for which they were originally recognized.

Allocations made in the year are recognized in profit and loss item 160 “Provisions for risks and charges” and include increases due to the passage of time; they are also net of any re-attributions.

“Other provisions” also include obligations relating to benefits due to agents, specifically supplementary customer portfolio payments, merit payments, contractual payments and payments under non-competition agreements, which are measured as per defined benefit plans; accordingly these obligations are calculated using the unit credit projection method (see above under Retirement Payments and Similar Obligations).

13 - Liabilities and Securities in Issue

The items *Deposits with banks,* Deposits with customers and *Securities in issue* are used for all forms of third-party funding other than trading liabilities or those valued at fair value.

These financial liabilities are recognized on the settlement date principle initially at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortised cost using the effective interest method.

Hybrid debt instruments relating to equity instruments, foreign exchange, credit instruments or indexes, are treated as structured instruments. The embedded derivative is separated from the host contract and recognized as a derivative, provided that separation requirements are met, and recognized at fair value. Any subsequent changes in fair value are recognized in profit and loss item 80 “Gains (losses) on financial assets and liabilities held for trading”.

The difference between the total amount received and the fair value of the embedded derivative is attributed to the host contract.

Instruments convertible into treasury shares imply recognition, at the issuing date, of a financial liability and of the equity part. recognized in item 150 “Equity instruments”, if a physical delivery settles the contract.

The equity part is measured at the residual value, i.e., the overall value of the instrument less the separately determined value of a financial liability with no conversion clause and the same cash flow.

The financial liability is recognized at amortised cost using the effective interest method.

Securities in issue are recognized net of repurchased amounts; the difference between the carrying value of the liability and the amount paid to buy it in is taken to profit and loss under item 100.d) “Gains (losses) on buy-ins of financial liabilities”. Subsequent replacement by the issuer is considered as a new issue and generates no gains or losses.

It has to be noted that there are no liabilities and securities in issue that include covenants that would cause default or restructuring events. There are no debts instruments involving convertibility to equity instruments (under IASB IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, as issued by the IASB but not yet endorsed by the EU).

14 - Financial Liabilities Held for Trading

Financial liabilities held for trading include:
a) derivatives that are not recognized as hedging instruments;
b) obligations to deliver financial assets sold short;
c) financial liabilities issued with an intention to repurchase them in the near term;
d) financial liabilities that are part of a portfolio of financial instruments considered as a unit and for which there is evidence of a recent pattern of trading.

A HfT liability, including a derivative, is measured at fair value initially and for the life of the transaction, except for a derivative liability settled by delivery of an unlisted equity instrument whose fair value cannot reliably be measured, which is measured at cost.

15 - Financial Liabilities at Fair Value through Profit and Loss

Financial liabilities, like financial assets may also be designated on initial recognition as measured at fair value, provided that:
- this designation eliminates or considerably reduces a lack of uniformity as between different methods of measurement of assets and liabilities and related gains or losses;

or
- a group of financial assets, financial liabilities or both are managed and measured at fair value under risk management or investment strategy which is internally documented with the entity's Board of Directors or equivalent body.

These transactions are recognized as per HfT financial liabilities, gains and losses, whether realised or not, being recognized in item 110 "Gains (losses) on financial assets and liabilities at fair value through profit and loss".

16 - Foreign Currency Transactions

A foreign currency transaction is recognized at the spot exchange rate of the transaction date.

Foreign currency monetary assets and liabilities are translated at the closing rate of the period.

Exchange differences arising from settlement of monetary items at rates different from those of the transaction date and unrealised exchange rate differences on foreign currency assets and liabilities not yet settled, other than assets and liabilities designated as measured at fair value and hedging instruments, are recognized in profit and loss item 80 "Gains and losses on financial assets and liabilities held for trading".

Exchange rate differences arising on a monetary item that forms part of an entity's net investment in a foreign operation whose assets are located or managed in a country or currency other than the euro are initially recognized in the entity's equity, and recognized in profit or loss on disposal of the net investment.

Non-monetary assets and liabilities recognized at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the closing rate. The exchange differences are recognized:
- in profit and loss if the asset is HfT; or
- in revaluation reserves if the asset is AfS.

Hedges of a net investment in a foreign operation are recognized similarly to cash flow hedges:
- the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in revaluation reserves;
- the ineffective portion is however recognized in profit and loss item 90 "Fair value adjustments in hedge accounting".

On the disposal of a foreign operation, the cumulative amount of the exchange rate differences relating to the foreign operation are recognized in profit or loss when the gain or loss on disposal is recognized.

All exchange differences recorded under revaluation reserves in shareholders' equity are also reported in the Statement of Comprehensive Income.

Part A - Accounting policies (Continued)

17 - Other Information

Business Combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity.

A business combination may result in a Parent-subsidiary relationship in which the acquirer is the Parent and the acquiree a subsidiary of the acquirer.

A business combination may involve the purchase of the net assets, including any goodwill, of another entity rather than the purchase of the equity of the other entity (mergers).

IFRS 3 requires that all business combinations shall be accounted for by applying the purchase method, that involves the following steps:
(a) identifying an acquirer;
(b) measuring the cost of the business combination; and
(c) allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. When this is achieved through a single exchange transaction, the date of exchange coincides with the acquisition date.

If the business combination involves more than one exchange transaction, the cost of the combination is the aggregate cost of the individual transactions and the date of exchange is the date of each exchange transaction, whereas the acquisition date is the date on which the acquirer obtains control of the acquiree.

The acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria.

The acquirer shall recognise the acquiree's identifiable assets, liabilities and contingent liabilities separately at the acquisition date only if they satisfy the following criteria at that date:
(a) in the case of an asset other than an intangible asset, it is probable that any associated future economic benefits will flow to the acquirer, and its fair value can be measured reliably;
(b) in the case of a liability other than a contingent liability, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and its fair value can be measured reliably;
(c) in the case of an intangible asset or a contingent liability, its fair value can be measured reliably.

Positive difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognized is accounted for as goodwill.

After initial recognition, goodwill is measured at cost and tested for impairment at least annually.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall reassess the fair values and recognise immediately any excess remaining after that reassessment in profit or loss.

Derecognition

Derecognition is the removal of a previously recognized financial asset or financial liability from an entity's balance sheet.

Before evaluating whether, and to what extent, derecognition is appropriate, under IAS 39 an entity should determine whether the relevant conditions apply to a financial asset in its entirety or to a part of a financial asset. The standard is applied to a part of financial assets being transferred if, and only if, the part being considered for derecognition meets one of the following conditions:

- the part comprises only specifically identified cash flows from a financial asset (or a group of assets), e.g. interest cash flows from an asset;
- the part comprises a clearly identified percentage of the cash flows from a financial asset, e.g., a 90 per cent share of all cash flows from an asset;
- the part comprises only a fully proportionate (pro rata) share of specifically identified cash flow, e.g. 90 per cent share of interest cash flows from an asset.

In all other cases, the standard is applied to the financial asset in its entirety (or to the group of similar financial assets in their entirety).

An entity shall derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual rights to receive the cash flows of the financial asset to a third party.

Rights to cash flow are considered to be transferred even if contractual rights to receive the asset's cash flow are retained but there is an obligation to pay this cash flow to one or more entities and all the following conditions are fulfilled (pass-through agreement):
- there is no obligation on the Bank to pay amounts not received from the original asset;
- sale or pledge of the original asset is not allowed, unless it secures the obligation to pay cash flow;
- the Bank is obliged to transfer forthwith all cash flows received and may not invest them, except for liquidity invested for the short period between the date of receipt and that of payment, provided that the interest accrued in that period is paid on.

Recognition is also subject to verification of effective transfer of all the risks and rewards of ownership of the financial asset (true sale). If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the asset (or group of assets) and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Conversely, if the entity substantially retains all the risks and rewards of ownership of the asset (or group of assets), the entity shall continue to recognise the transferred asset(s). In this case it is necessary to recognise a liability corresponding to the amount received under the transfer and subsequently recognise all income accruing on the asset or expense accruing on the liability.

The main transactions that do not allow, under the above rules, total derecognition of a financial asset are securitizations, repurchase transactions (buy-ins) and stock lending.

In the case of securitizations the Bank does not derecognise the financial asset on purchase of the equity tranche or provision of other forms of support of the structure which result in the Bank retaining the credit risk of the securitized portfolio.

In the case of repurchase transactions and stock lending, the assets transacted are not derecognized since the terms of the transaction entail the retention of all their risks and rewards.

Treasury Shares
Changes in treasury shares are reported as a direct contra item to shareholders' equity, i.e. as a reduction to the latter in the amount of any purchases, and as an increase in the amount of any sales.
If, that is, treasury shares are subsequently sold, the difference between the sale price of treasury shares and the related post-tax repurchase cost is also recognized directly as a contra item to shareholders' equity.

Finance Leases
Finance leases effectively transfer all the risks and benefits of ownership of an asset to the lessee. Ownership of the asset is transferred to the lessee, however not necessarily at contract maturity.

The lessee acquires the economic benefit of the use of the leased asset for most of its useful life, in exchange for a commitment to pay an amount approximately equivalent to the fair value of the asset and related finance costs. Recognition in the lessor's accounts is as follows:
- in assets, the value of the loan, less the principal of lease payments due and paid by the lessee;
- in profit or loss, interest received.

See Sections 8 - Property, Plant and Equipment and 9 - Intangible Assets below for treatment of the lessee's assets.

Factoring
Loans acquired in factoring transactions with recourse are recognized to the extent of the advances granted to customers on their consideration. Loans acquired without recourse are recognized as such once it has been established that there are no contractual clauses that would invalidate the transfer of all risks and benefits to the factor.

Repo Transactions
Securities received in a transaction that entails a contractual obligation to sell them at a later date or delivered under a contractual obligation to repurchase are neither recognized nor derecognized. In respect of securities purchased under an agreement to resell, the consideration is recognized as a loan to customers or banks. In respect of securities held in a repurchase agreement, the liability is recognized as due to banks or customers. Revenue from these loans, being the coupons accrued on the securities and the difference between the sale/purchase and resale/repurchase prices, is recognized in profit or loss through interest income and expenses on an accruals basis.

Part A - Accounting policies (Continued)

These transactions can only be offset if, and only if, they are carried out with the same counterparty and provided that such offset is provided for in the underlying contracts.

Italian Staff Severance Pay (Trattamento di fine rapporto - "TFR")

The "TFR" provision for Italy-based employee benefits is to be construed as a "post-retirement defined benefit". It is therefore recognized on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using the unit credit projection method (see Section 12 under *Retirement Payments and Similar Obligations*). This method distributes the cost of the benefit evenly over the employee's working life. The liability is determined as the present value of average future payments adjusted according to the ratio of years of service to total years of service at the time of payment of the benefit.

Following pension reform by Law 252/2005, TFR installments accrued to 12.31.2006 (or to the date between 01.01.2007 and 30.06.2007 on which the employee opted to devolve their TFR to a supplementary pension fund) stay in the employer and are considered a post-employment defined benefit plan therefore incurring actuarial valuation, though with simplified actuarial assumptions, i.e., forecast future pay rises are not considered.

TFR installments accrued since 01.01.2007 (date of Law 252's coming into effect) (or since the date between 01.01.2007 and 30.06.2007) are, at the employee's discretion, either paid into a pension fund or left in the company and (where the company has in excess of 50 employees) paid into an INPS Treasury fund by the employer, and are considered a defined-contribution plan.

Costs relating to TFR accruing in the year are taken to income statement item 150.a) "Administrative costs: Payroll". Interest accrued in the year (interest cost) on the obligation already existing at the date of the reform and the accrued installments for the year paid into the supplementary pension scheme or to the Treasury fund of INPS are recognized in the item Severance Pay.

Actuarial gains (losses), i.e., the difference between the liabilities' carrying value and the present value of the obligation at the end of the period are recognized according to the 'corridor' method, i.e., only when they exceed 10% of the present value of the obligation at the period-end. Any surplus is taken to the income statement and amortized over the residual working life of the employees who are members of the plan, as from the following financial year.

Share-Based Payment

Equity-settled payments made to employees in consideration of services rendered, using equity instruments comprise:
• Stock options
• Performance shares (i.e. awarded on attainment of certain objectives)
• Restricted shares (i.e. subject to a lock-up period).

Considering the difficulty of reliably measuring the fair value of the services acquired against equity-settled payments, reference is made to the fair value of the instruments themselves, measured at the date of the allocation.

This fair value is recognized as cost in profit and loss item 150 a) "Administrative costs: payroll" offsetting the liability item 160 "Reserves", on an accruals basis over the period in which the services are acquired.

The fair value of a cash-settled share-based payment, the services acquired and the liability incurred are measured at the fair value of the liability, recognized in item 100 "Other liabilities". The fair value of the liability, as long as it remains unsettled, is remeasured at each balance sheet date and all changes in fair value are recognized in profit and loss item 150 "Administrative costs".

Other Long-term Employee Benefits

Long-term employee benefits – e.g. long-service bonuses, paid on reaching a predefined number of years' service - are recognized in item 100 "Other liabilities" on the basis of the measurement at the Balance Sheet Date of the liability, also in this case determined by an external actuary using the unit credit projection method (see Section 12 - Provisions for risks and charges - retirement payments and similar obligations). Gains (losses) on this type of benefit are recognized at once through profit or loss, without using the 'corridor' method.

Credit derivatives treated as financial guarantees given

Credit derivatives are treated as financial guarantees given, in accordance with IAS 39, when they require the issuer to make specified payments to the holder to indemnify the latter for actual losses borne due to the default of a specific debtor on payment at a maturity set by a debt instrument.

The value of initial recognition is equal to their fair value, which is usually the amount received when the guarantee is issued, and is booked under item 100 “Other liabilities”.

The effects of valuation, related to any impairment of the underlying, are recognized in the same balance-sheet item contra item 130.d “Write-downs and write-backs due to impairment of other financial transactions” in the income statement.

PROFIT AND LOSS

Interest Income and Expense

Interest income and expense and similar income and expense items relate to liquid assets, as well as financial instruments of a monetary nature (held for trading, measured at fair value through profit or loss or available for sale), HtM financial assets, loans and receivables, deposits, and securities in issue.

Interest income and expense are recognized through profit or loss with respect to all instruments measured at amortised cost, using the effective interest method.

Interest also includes:
the net credit or debit balance of differentials and margins on financial derivatives:

- hedging interest-bearing assets and liabilities;
- HfT but linked for business purposes to assets and liabilities designated as measured at fair value (fair value option);
- linked for business purposes to HfT assets and liabilities paying differentials or margins on several maturities.

Fees and Commissions

Fees and commissions are recognized on an accruals basis.

Securities trading commission is recognized at the time the service is rendered. Investment portfolio management fees, advisory fees and investment fund management fees are recognized on a pro-rata temporis basis.

Fees included in amortised cost used to calculate effective interest rates are not included under fees and commissions, since they are part of the effective interest rate.

Dividends

Dividends are recognized in the profit and loss account for the year in which their distribution has been approved.

RELEVANT IFRS DEFINITIONS

The main definitions introduced by IFRS are described below, other than those dealt with in previous sections.

Amortized cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest method is a method of allocating the interest income or interest expense over the life of a financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Commissions forming an integral part of the effective interest rate include loan drawdown fees or underwriting fees relating to a financial asset not designated at fair value, e.g., fees received as compensation for the assessment of the issuer’s or borrower’s financial situation, for valuation and registration of security, and generally for the completion of the transaction (management fees).

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Impairment of financial assets

At each balance sheet date an entity assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Part A - Accounting policies (Continued)

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment.

Losses expected as a result of future events, no matter how likely, are not recognized.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to our attention about the following loss events:
(a) significant financial difficulty of the issuer or obligor;
(b) a breach of contract, such as a default or delinquency in interest or principal payments;
(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower which the lender would not otherwise consider;
(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties; however, the disappearance of an active market due to the fact that a company's financial instruments are no longer traded publicly is no evidence of impairment; or
(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  (i) adverse changes in the payment status of borrowers in the group; or
  (ii) national or local economic conditions that correlate with defaults on the assets in the group.

Objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss is recognized in profit and loss item 130 "Impairment losses" and the asset's carrying value is reduced.

If the terms of a loan, receivable or held-to-maturity investment are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. If a loan, receivable or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

A reduction in the fair value of a financial asset below its cost or amortised cost is not necessarily an indication of impairment (e.g. reduction in the fair value of an investment in a debt instrument resulting from an increase in the risk¬free interest rate).

Objective evidence of impairment is initially assessed individually; however, if it is determined that there is no objective evidence of individual impairment, the asset is included in a group of financial assets with similar credit risk characteristics and assessed collectively.

Formula-based approaches and statistical methods may be used to assess impairment losses on a group of financial assets. Models used incorporate the temporary value of money, and consider cash flows over the entire residual life of the asset (not just the following year) and do not give rise to an impairment loss on initial recognition of a financial asset. They take into account losses already sustained but not manifest in the group of financial assets at the time of measurement, on the basis of past experience of losses on assets having a similar credit risk to the group of assets being measured.

The process of estimating impairment losses considers all credit exposures, not only those of low credit quality, which reflect a serious impairment.

Reversals of impairment losses
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed and the amount of the reversal is recognized in profit and loss item 130 "Impairment losses" except in the case of AfS equity instruments (see Section 2 above).

The reversal shall not result - at the date the impairment is reversed - in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognized.

A.3 - Information on Fair Value

Part A.3) Information on fair value presents a disclosure of reclassified financial instruments according to IAS 39 and information on fair value hierarchy as required by IFRS 7.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

For financial instruments listed in active markets, fair value is determined on the basis of official prices in the most advantageous market to which UniCredit has access (Mark to Market).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from a pricing service, dealer, broker, agency that determines prices or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If a published price quotation in an active market does not exist for a financial instrument in its entirety, but active markets exist for its component parts, fair value is determined on the basis of the relevant market prices for the component parts.

If market quotations are not available, UniCredit uses valuation models (Mark to Model) in keeping with generally accepted methods used by the market. Valuation models include techniques based on the discounting of future cash flows and on volatility estimates, and they are subject to revision both during their development and periodically in order to ensure they remain valid over time.

These methods use inputs based on prices set in recent transactions for the instrument being valued and/or prices/quotations for instruments having similar characteristics in terms of risk profile.

In fact, these prices/quotations are relevant for determining significant parameters in terms of the credit risk, liquidity risk and price risk of the instrument being valued.

Reference to these "market" parameters makes it possible to limit the discretionary nature of the valuation, and ensures that the resulting fair value can be verified.

If, for one or more risk factors it is not possible to refer to market data, the valuation models employed use estimates based on historical data as inputs.

A.3.1 Transfers between Portfolios

The amendments to IAS 39 and to IFRS 7 "Reclassification of financial assets" approved by the IASB in 2008 make it possible to reclassify certain financial assets, after their initial recognition, out of the HfT and AfS portfolios.

In particular, the following may be reclassified:
- those HfT or AfS financial assets that would have satisfied the definition specified by international accounting standards for the loan portfolio (if such assets were not classified as HfT or AfS respectively on initial recognition) if the entity intends, and is able, to hold them for the foreseeable future or until maturity;
- "only in rare circumstances" those HfT financial assets, which, at the time of their recording, did not satisfy the definition of loans.

The following tables (which are broken down by type of underlying asset and portfolio) provide the book value and fair value as at December 31, 2010 of assets which had been reclassified in H2 2008 and H1 2009. The income/expenses that would have been recognized if such reclassifications had not occurred, as well as those effectively recognized through profit or loss or at equity are also provided.

Part A - Accounting policies (Continued)

These income/expenses before taxes are broken down into two categories: those arising "from measurement" (including any write-downs) and "other" (including interest and gains/losses on the disposal of the transferred assets.

As a result the overall impact before taxes that would have been recognized in the income statement as of December 31, 2010, if these assets had not been reclassified, would have been a gain of €11,101 thousand, while the impact actually recognized was a gain of €3,559 thousand.

A.3.1.1. Reclassified financial assets: book value, fair value, and effects on overall profitability

INSTRUMENTS TYPE	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION	CARRYING AMOUNT AS AT 12.31.2010	FAIR VALUE AS AT 12.31.2010	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAXES)		INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAXES)	
					FROM MEASUREMENT	OTHER	FROM MEASUREMENT	OTHER
Debt securities	Financial assets held for trading	Loans and receivables with banks	27,147	26,486	220	690	-	908
Debt securities	Financial assets held for trading	Loans and receivables with customers	2,728	2,620	159	90	-	55
Debt securities	Available-for-sale financial assets	Loans and receivables with customers	176,650	167,782	6,538	3,404	-	2,596
Total			**206,525**	**196,888**	**6,917**	**4,184**	**-**	**3,559**

Assets transferred to loans to customers comprise structured credit products (other than derivatives).

No further reclassifications were made during 2010, therefore table A.3.1.2 "Reclassified financial assets: effects on comprehensive Income before reclassification" and table A.3.1.4 "Effective interest rate and cash flows expected from reclassified assets" are not provided.

A.3.1.3. Transfer of financial assets held for trading

In application of the provisions of Article 2 of referenced EC Regulation 1004/2008, pursuant to which "the current financial crisis is considered to be such a rare circumstance which would justify the use of this possibility [reclassification] by companies," during the second half of 2008 and first half of 2009, UniCredit S.p.A. reclassified HfT financial assets consisting of structured credit products (other than derivatives) and debt securities issued by governments, public entities, companies and financial institutions other than derivative contracts and financial instruments containing embedded derivatives.
The carrying amount as at December, 31, 2010 is shawn in table A.3.1.1.

A.3.2 Fair Value Hierarchy

IFRS 7 calls for classifying instruments being measured at fair value as a function of the ability to observe the inputs used for pricing.

To be specific, three levels are specified:
- Level 1: the fair value of instruments classified in this level is determined based on quotation prices observed in active markets;
- Level 2: the fair value of instruments classified in this level is determined based on valuation models that use inputs that can be observed in the market;
- Level 3: the fair value of instruments classified in this level is determined based on valuation models that primarily use inputs that cannot be observed in the market;

The following tables show a breakdown of financial assets and liabilities designated at fair value according to the above-mentioned levels, as well as the annual changes of Level 3 assets or liabilities.

A.3.2.1 - Accounting portfolios - breakdown by fair value levels

FINANCIAL ASSETS/LIABILITIES CARRIED AT FAIR VALUE	12.31.2010			12.31.2009		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for Trading	3,635,631	6,211,864	280,944	3,485,496	2,279,457	586,542
2. Financial assets at fair value through P&L	1,026	2,031	432,145	387,973	13,541	33,323
3. Available for sale financial assets	16,549,772	3,600,536	1,024,260	7,943,865	584,634	898,874
4. Hedging derivative assets	-	3,202,590	-	-	4,202,838	-
Total	**20,186,429**	**13,017,021**	**1,737,349**	**11,817,334**	**7,080,470**	**1,518,739**
1. Financial liabilities held for Trading	33,129	6,578,936	262,438	117,536	2,416,781	404,215
2. Financial liabilities at fair value through P&L	-	51,064	-	-	-	-
3. Hedging derivative Liabilities	-	3,580,093	81	-	3,585,207	87
Total	**33,129**	**10,210,093**	**262,519**	**117,536**	**6,001,988**	**404,302**

Legend:
L1 = Level 1
L2 = Level 2
L3 = Level 3

A.3.2.2 Annual changes in financial assets at fair value level 3

	FINANCIAL ASSETS				
	HELD FOR TRADING	AT FAIR VALUE TROUGHT P&L	AVAILABLE FOR SALE	HEDGING DERIVATIVES	TOTAL
1.Opening balances	**586,542**	**33,323**	**898,874**	**-**	**1,518,739**
2. Increases	**487,104**	**405,031**	**376,970**	**-**	**1,269,105**
2.1 Purchases	47,039	1	333,090	-	380,130
2.2 Profits recognized in	434,675	10,474	12,936	-	458,085
2.2.1 Income Statement	434,675	10,474	1,064	-	446,213
- of which Unrealized gains	*225,296*	*10,474*	-	-	*235,770*
2.2.2 Equity	-	-	11,872	-	11,872
2.3 Transfer from other levels	38	387,967	19,999	-	408,004
2.4 Other increases	5,352	6,589	10,945		22,886
3. Decreases	**792,702**	**6,209**	**251,584**	**-**	**1,050,495**
3.1 Sales	217,754	1	193,017	-	410,772
3.2 Redemptions	50	-	2,892	-	2,942
3.3 Losses recognized in:	574,886	6,208	36,401	-	617,495
3.3.1 Income Statement:	574,886	6,208	19,680	-	600,774
- of which Unrealized losses	*573,781*	*6,208*	*19,680*	-	*599,669*
3.3.2 Equity	-	-	16,721	-	16,721
3.4 Transfer to other levels	-	-	1,700	-	1,700
3.5 Other decreases	12	-	17,574	-	17,586
4. Closing balances	**280,944**	**432,145**	**1,024,260**	**-**	**1,737,349**

Part A - Accounting policies (Continued)

A.3.2.3 Annual changes in financial liabilities at fair value level 3

	FINANCIAL LIABILITIES			
	HELD FOR TRADING	AT FAIR VALUE TROUGHT P&L	HEDGING DERIVATIVES	TOTAL
1.Opening balances	**404,215**	**-**	**87**	**404,302**
2. Increases	**460,328**	**-**	**-**	**460,328**
2.1 Issuance	41,375	-	-	41,375
2.2 Losses recognized in:	418,953	-	-	418,953
2.2.1 Income Statement	418,953	-	-	418,953
- of which Unrealized losses	*214,127*	-	-	*214,127*
2.2.2 Equity	-	-	-	-
2.3 Transfer from other levels	-	-	-	-
2.4 Other increases	-	-	-	-
3. Decreases	**602,105**	**-**	**6**	**602,111**
3.1 Redemptions	205,302	-	-	205,302
3.2 Purchases	-	-	-	-
3.3 Profits recognized in:	396,803	-	6	396,809
3.3.1 Income Statement	396,803	-	6	396,809
- of which Unrealized gains	*394,625*	-	*6*	*394,631*
3.3.2 Equity	-	-	-	-
3.4 Transfer to other levels	-	-	-	-
3.5 Other decreases	-	-	-	-
4. Closing balances	**262,438**	**-**	**81**	**262,519**

A.3.3 Day One Profit/Loss

The value at which financial instruments are recognized is equal to their fair value on the same date.

The fair value of financial instruments, other than those designated at fair value through profit or loss, at their recognition date is usually assumed to be equal to the amount collected or paid.

For financial instruments held for trading (see sections 1 and 14 of Part A.2 above) and instruments designated at fair value (see sections 5 and 15 of Part A.2 above), any difference from the amount collected or paid is posted under the appropriate items of the income statement.

The use of conservative valuation models, the processes described above for revising the models used and related parameters and value adjustments to reflect model risk ensure that the amount recognized in the income statement is not derived from the use of valuation parameters that cannot be observed.

Part B - Balance Sheet

Part B - Balance Sheet (Amounts in thousands of €)

Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

	AMOUNTS AS AT	
	12.31.2010	12.31.2009
a) Cash	1,490,350	96
b) Demand deposits with Central banks	661,308	5,914,103
Total	**2,151,658**	**5,914,199**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

	AMOUNTS AS AT					
	12.31.2010			12.31.2009		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	**3,635,624**	**121**	**493**	**3,485,458**	**357**	**489**
1.1 Structured securities	6	-	-	-	-	-
1.2 Other debt securities	3,635,618	121	493	3,485,458	357	489
2. Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**
3. Units in investment fund	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**3,635,624**	**121**	**493**	**3,485,458**	**357**	**489**
B) Derivative instruments						
1. Financial derivatives	**7**	**6,211,743**	**279,906**	**38**	**2,279,100**	**585,976**
1.1 trading	7	5,392,523	134,998	38	2,007,247	186,511
1.2 fair value hedges	-	-	-	-	-	-
1.3 other	-	819,220	144,908	-	271,853	399,465
2. Credit derivatives	**-**	**-**	**545**	**-**	**-**	**77**
2.1 trading	-	-		-	-	-
2.2 fair value hedges	-	-	-	-	-	-
2.3 other	-	-	545	-	-	77
Total (B)	**7**	**6,211,743**	**280,451**	**38**	**2,279,100**	**586,053**
Total (A+B)	**3,635,631**	**6,211,864**	**280,944**	**3,485,496**	**2,279,457**	**586,542**
Total Level 1, Level 2 and Level 3			**10,128,439**			**6,351,495**

"Financial derivatives: other" comprises: (i) derivatives embedded in structured financial instruments, where the host has been classified in a category other than held-for-trading or fair value option and (ii) derivatives that, for economic purposes, are related to banking book instruments.

2.2 Financial assets held for trading: breakdown by issuer/borrower

ITEMS/VALUES	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
A. FINANCIAL ASSETS (NON-DERIVATIVES)		
1. Debt securities	**3,636,238**	**3,486,304**
a) Governments and central banks	3,636,109	3,485,459
b) Other public-sector entities	-	482
c) Banks	118	357
d) Other issuers	11	6
2. Equity instruments	**-**	**-**
a) Banks	-	-
b) Other issuers:	-	-
- Insurance companies	-	-
- Financial companies	-	-
- Non-financial institutions	-	-
- Other	-	-
3. Units in investments fund	**-**	**-**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other issuers	-	-
Total A	**3,636,238**	**3,486,304**
B. DERIVATIVE INSTRUMENTS		
a) Banks		
- fair value	*2,951,895*	*1,669,723*
b) Customers		
- fair value	*3,540,306*	*1,195,468*
Total B	**6,492,201**	**2,865,191**
Total (A+B)	**10,128,439**	**6,351,495**

2.3 Financial assets held for trading: annual changes

CHANGES/UNDERLYING ASSETS	CHANGES IN 2010 DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**3,486,304**	**-**	**-**	**-**	**3,486,304**
B. Increases	**13,985,607**	**31,066**	**4,834**	**-**	**14,021,507**
B.1 Purchases	13,877,828	31,002	4,823	-	13,913,653
of which: business combinations	*134,348*	-	-	-	*134,348*
B.2 Positive changes in fair value	126	-	-	-	126
B.3 Other changes	107,653	64	11	-	107,728
C. Reductions	**13,835,673**	**31,066**	**4,834**	**-**	**13,871,573**
C.1 Sales	10,459,360	31,063	4,834	-	10,495,257
C.2 Redemptions	3,299,228	-	-	-	3,299,228
C.3 Negative changes in fair value	10,718	-	-	-	10,718
C.4 Transfers to other portfolios:	-	-	-	-	-
C.5 Other changes	66,367	3	-	-	66,370
D. Closing balance	**3,636,238**	**-**	**-**	**-**	**3,636,238**

Part B - Balance Sheet - Assets (Continued)

Section 3 - Financial assets at fair value through profit or loss - Item 30

3.1 Financial assets at fair value through profit or loss: product breakdown

	AMOUNTS AS AT					
	12.31.2010			12.31.2009		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**1,026**	**2**	**2**	**6**	**13,541**	**2**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	1,026	2	2	6	13,541	2
2. Equity instruments	**-**	**-**	**35,430**	**-**	**-**	**33,321**
3. Units in investment funds		**-**	**396,713**	**387,967**	**-**	**-**
4. Loans	**-**	**2,029**	**-**	**-**	**-**	**-**
4.1 Structured	-	2,029	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**1,026**	**2,031**	**432,145**	**387,973**	**13,541**	**33,323**
Cost	***1,026***	***17,405***	***396,714***	***347,012***	***13,185***	***31,512***
Total Level 1, Level 2 and Level 3			**435,202**			**434,837**

Structured Loans in 4.1 refer to a convertible in shares loan to Customer, being acquired through One4C operation; this loan is balanced by a Structured Deposit from Banks (acquired as well through One4C merge) included in Financial Liabilities at Fair Value (5.1 Liabilities). This loan has been mostly written-off in consideration of counterpart's risk.

3.2 Financial assets at fair value through profit or loss: breakdown by issuer/borrower

	AMOUNTS AS AT	
ITEMS/VALUES	12.31.2010	12.31.2009
1. Debt securities	**1,030**	**13,549**
a) Governments and central banks	1,025	-
b) Other public-sector entities	-	6
c) Banks	4	13,542
d) Other issuers	1	1
2. Equity instruments	**35,430**	**33,321**
a) Banks	-	-
b) Other issuers:	35,430	33,321
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	*35,430*	*33,321*
- other	-	-
3. Units in investment funds	**396,713**	**387,967**
4. Loans	**2,029**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	2,029	-
Total	**435,202**	**434,837**

3.3 Financial assets at fair value through profit or loss: annual changes

	CHANGES IN 2010				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**13,549**	**33,321**	**387,967**	**-**	**434,837**
B. Increases	**3,351**	**2,238**	**14,954**	**37,597**	**58,140**
B.1 Purchases	2,094	129	-	37,502	39,725
of which: business combinations	*1,098*	-	-	*37,502*	*38,600*
B.2 Positive changes in fair value	-	2,109	8,365	-	10,474
B.3 Other changes	1,257	-	6,589	95	7,941
C. Reductions	**15,870**	**129**	**6,208**	**35,568**	**57,775**
C.1 Sales	11	129	-	-	140
C.2 Redemptions	15,600	-	-	31,055	46,655
C.3 Negative changes in fair value	246	-	6,208	4,513	10,967
C.4 Other changes	13	-	-	-	13
D. Closing balances	**1,030**	**35,430**	**396,713**	**2,029**	**435,202**

Section 4 - Available-for-sale financial assets - Item 40

4.1 Available-for-sale financial assets: product breakdown

	AMOUNTS AS AT					
	12.31.2010			12.31.2009		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**16,180,916**	**3,512,885**	**140,228**	**7,508,856**	**584,611**	**141,579**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	16,180,916	3,512,885	140,228	7,508,856	584,611	141,579
2. Equity instruments	**329,958**	**5,090**	**645,436**	**274,212**	**23**	**549,406**
2.1 Measured at fair value	329,958	5,090	359,001	274,212	23	263,367
2.2 Carried at cost	-	-	286,435	-	-	286,039
3. Units in investment funds	**38,898**	**82,561**	**238,596**	**160,797**	**-**	**207,889**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**16,549,772**	**3,600,536**	**1,024,260**	**7,943,865**	**584,634**	**898,874**
Total Level 1, Level 2 and Level 3			**21,174,568**			**9,427,373**

Available for sale financial assets include securities purchased by some of our internal pension funds, which do not have legal status or independent own means: further detail is provided in the annexes to the Accounts.

During 2010 Government Bonds investments have been increased, as also stated in the following tables.

Part B - Balance Sheet - Assets (Continued)

4.2 Available-for-sale financial assets: breakdown by issuer/borrower

	AMOUNTS AS AT	
ITEMS/VALUES	12.31.2010	12.31.2009
1. Debt securities	**19,834,029**	**8,235,046**
a) Governments and central banks	16,348,573	7,491,888
b) Other public-sector entities	-	1,598
c) Banks	2,442,538	653,987
d) Other issuers	1,042,918	87,573
2. Equity instruments	**980,484**	**823,641**
a) Banks	512,120	505,932
b) Other issuers:	468,364	317,709
- insurance companies	*13,802*	*4,605*
- financial companies	*292,922*	*222,787*
- non-financial companies	*161,640*	*90,317*
- other	-	-
3. Units in investment funds	**360,055**	**368,686**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**21,174,568**	**9,427,373**

4.3 Available-for-sale financial assets subject to micro-hedging

	AMOUNTS AS AT	
ITEMS/VALUES	12.31.2010	12.31.2009
1. Financial assets subject to micro-hedging of fair value	**19,246,943**	**8,045,420**
a) Interest rate risk	19,246,943	8,045,420
b) Price risk	-	-
c) Currency risk	-	-
d) Credit risk	-	-
e) Multiple risks	-	-
2. Financial assets subject to micro-hedging of cash flows	**-**	**-**
a) Interest rate risk	-	-
b) Currency risk	-	-
c) Other	-	-
Total	**19,246,943**	**8,045,420**

4.4 Available-for-sale financial assets : annual changes

	CHANGES IN 2010				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**8,235,046**	**823,641**	**368,686**	**-**	**9,427,373**
B. Increases	**14,366,092**	**300,228**	**228,597**	**-**	**14,894,917**
B1. Purchases	13,929,290	178,668	175,965	-	14,283,923
of which: business combinations	*341,492*	*168,122*	*99,554*	-	*609,168*
B.2 Positive changes in fair value	19,977	52,363	7,785	-	80,125
B.3 Write-backs	-	-	-	-	-
- through profit or loss	-	*X*	-	-	-
- in equity	-	-	-	-	-
B.4 Trasfers from other portfolios:	-	-	-	-	-
B.5 Other changes	416,825	69,197	44,847	-	530,869
C. Decreases	**2,767,109**	**143,385**	**237,228**	**-**	**3,147,722**
C.1 Sales	1,735,877	18,273	170,020	-	1,924,170
C.2 Redemptions	165,148	1,500	11,232	-	177,880
C.3 Negative changes in fair value	509,445	11,028	-	-	520,473
C.4 Impairments	-	42,122	29,501	-	71,623
- through profit or loss	-	*42,122*	*29,501*	-	*71,623*
- in equity	-	-	-	-	-
C.5 Transfers to other portfolios	-	-	-	-	-
C.6 Other changes	356,639	70,462	26,475	-	453,576
D. Closing balance	**19,834,029**	**980,484**	**360,055**	**-**	**21,174,568**

Section 5 - Held-to-maturity investments - Item 50

5.1 Held-to-maturity investments: breakdown

	AMOUNTS AS AT							
	12.31.2010				12.31.2009			
		FAIR VALUE				FAIR VALUE		
TYPE OF TRANSACTION/ VALUES	CARRYING VALUE	LEVEL 1	LEVEL 2	LEVEL 3	CARRYING VALUE	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	3,898,743	3,325,107	-	478,854	4,058,611	3,465,089	519,493	129,555
1.1 Structured securities	-	-	-	-	-	-	-	-
1.2 Other securities	3,898,743	3,325,107	-	478,854	4,058,611	3,465,089	519,493	129,555
2. Loans	-	-	-	-	-			-
Total	**3,898,743**	**3,325,107**	**-**	**478,854**	**4,058,611**	**3,465,089**	**519,493**	**129,555**
Total Level 1, Level 2 and Level 3				**3,803,961**				**4,114,137**

Part B - Balance Sheet - Assets (Continued)

5.2 Held-to-maturity investments: breakdown by debtors/issuers

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
1. Debt securities	**3,898,743**	**4,058,611**
a) Governments and central banks	3,419,889	3,410,543
b) Other public-sector entities	-	49,927
c) Banks	478,854	598,141
d) other	-	-
2. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) other	-	-
Total	**3,898,743**	**4,058,611**

5.4 Held-to-maturity investments: annual changes

	CHANGES IN 2010 DEBT SECURITIES	LOANS	TOTAL
A. Opening balance	**4,058,611**	**-**	**4,058,611**
B. Increases	**1,128,139**	**-**	**1,128,139**
B.1 Purchases	1,057,999	-	1,057,999
of which: business combinations	-	-	-
B.2 Write-backs	-	-	-
B.3 Trasfer from other portfolios:	-	-	-
B.4 Other changes	70,140	-	70,140
C. Decreases	**1,288,007**	**-**	**1,288,007**
C.1 Sales	-	-	-
C.2 Redemptions	1,215,462	-	1,215,462
C.3 Write-downs	-	-	-
C.4 Trasfer to other portfolios:	-	-	-
C.5 Other changes	72,545	-	72,545
D. Closing balances	**3,898,743**	**-**	**3,898,743**

Section 6 - Loans and receivables with banks - Item 60

6.1 Loans and receivables with banks: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
A. Loans to Central Banks	**3,935,691**	**1,871,875**
1. Time deposits	5,613	5,082
2. Compulsory reserves	3,928,733	1,865,692
3. Repos	-	-
4. Other	1,345	1,101
B. Loans to Banks	**29,869,952**	**202,091,203**
1. Current accounts and demand deposits	1,585,728	21,285,845
2. Time deposits	9,784,703	54,764,542
3. Other loans	10,907,273	47,444,505
3.1 Repos	7,584,444	29,860,369
3.3 Other	3,322,829	17,584,136
4. Debt securities	7,592,248	78,596,311
4.1 Structured	-	-
4.2 Other	7,592,248	78,596,311
Total (carrying value)	**33,805,643**	**203,963,078**
Total (fair value)	***33,568,176***	***204,563,129***

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivables with customers: product breakdown

	AMOUNTS AS AT			
	12.31.2010		12.31.2009	
TYPE OF TRANSACTIONS/VALUES	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Current accounts	34,407,286	4,782,831	129,963	74,671
2. Repos	7,959,012	-	13,534,664	-
3. Mortgages	102,499,406	8,618,288	6,221,243	18,323
4. Credit cards and personal loans, incl. loans guaranteed by salary	8,048,788	263,725	-	423
5. Finance leases	-	-	-	-
6. Factoring	406,269	34,974	-	-
7. Other transactions	77,986,093	4,437,351	23,172,424	107,057
8. Debt securities	3,651,212	7,100	8,406,603	-
8.1 Structured	-	7,100		-
8.2 Other	3,651,212	-	8,406,603	-
Total (carrying value)	**234,958,066**	**18,144,269**	**51,464,897**	**200,474**
Total (fair value)	***243,603,519***	***18,245,125***	***50,693,311***	***200,474***

Total Performing and Impaired (carrying value)	253,102,335	51,665,371

Sub-items 7. “Other transactions” and 8.2 “Other Debt Securities” include € 525m and € 431m respectively arising from the “Trevi Finance”, “Trevi Finance 2” and “Trevi Finance 3” securitization transactions, in respect of which the underlying assets were not re-recognized in the accounts, since the transactions were performed before January 1, 2002.

An Italian Government bond partly guarantees the securities of item 8.2 for € 180m.

The assets underlying these securitization transactions are non-performing loans, whose carrying amount was € 870m at December 31, 2010, as against a face value of € 4,165m.

7.2 Loans and receivables with customers: breakdown by issuers/borrowers

	AMOUNTS AS AT 12.31.2010		AMOUNTS AS AT 12.31.2009	
TYPE OF TRANSACTIONS/VALUES	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Debt securities issued by:	**3,651,212**	**7,100**	**8,406,603**	**-**
a) Governments	104,448	-	6,148	-
b) Other public-sector entities	163,660	-	34,769	-
c) Other issuers	3,383,104	7,100	8,365,686	-
- non-financial companies	*224,888*	*7,100*	*74,796*	-
- financial companies	*2,407,981*	-	*8,231,878*	-
- insurance companies	*59,013*	-	*59,012*	-
- other	*691,222*	-	-	-
2. Loans to:	**231,306,854**	**18,137,169**	**43,058,294**	**200,474**
a) Governments	1,021,175	429	-	-
b) Other public-sector entities	4,774,683	86,620	946	78,447
c) Other entities	225,510,996	18,050,120	43,057,348	122,027
- non-financial companies	*108,269,408*	*13,393,184*	*3,199,659*	*113,415*
- financial companies	*44,090,368*	*274,553*	*39,700,534*	*379*
- insurance companies	*132,343*	*461*	*103,402*	-
- other	*73,018,877*	*4,381,922*	*53,753*	*8,233*
Total	**234,958,066**	**18,144,269**	**51,464,897**	**200,474**

Total Performing and Impaired (carrying value)	253,102,335	51,665,371

Part B - Balance Sheet - Assets (Continued)

Section 8 - Hedging derivatives - Item 80

8.1 Hedging derivatives: breakdown by hedges risk and fair value hierarchy

	AMOUNTS AS AT							
	12.31.2010				12.31.2009			
	FAIR VALUE				FAIR VALUE			
	LEVEL 1	LEVEL 2	LEVEL 3	VN	LEVEL 1	LEVEL 2	LEVEL 3	VN
A) Financial derivatives	**-**	**3,202,590**	**-**	**77,706,657**	**-**	**4,202,838**	**-**	**90,865,039**
1) Fair value	-	2,387,586	-	51,593,694	-	3,444,480	-	66,704,621
2) Cash flow	-	815,004	-	26,112,963	-	758,358	-	24,160,418
3) Foreign assets	-	-	-	-	-	-	-	-
B) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flow	-	-	-	-	-	-	-	-
Total	**-**	**3,202,590**	**-**	**77,706,657**	**-**	**4,202,838**	**-**	**90,865,039**
Total Level 1, Level 2 e Level 3		**3,202,590**				**4,202,838**		

8.2 Hedging derivatives: breakdown by hedged assets and risk

	AMOUNTS AS AT 12.31.2010								
	FAIR VALUE HEDGES						CASH-FLOW HEDGES		
	MICRO-HEDGE								
TRANSACTIONS/TYPE OF HEDGES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN ASSETS
1. Available-for-sale financial assets	72,807	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	10,299	X	593,494	X
5. Other transactions	-	-	-	-	-	X	-	X	-
Total assets	**72,807**	**-**	**-**	**-**	**-**	**10,299**	**-**	**593,494**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	2,304,480	X	221,510	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**2,304,480**	**-**	**221,510**	**-**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	X	X	-

Section 9 - Changes in fair value of portfolio hedged financial assets - Item 90

9.1 Changes to macro-hedged financial assets: breakdown by hedged portfolio

	AMOUNTS AS AT	
CHANGES TO HEDGED ASSETS/VALUES	12.31.2010	12.31.2009
1. Positive changes	**1,901,793**	**212,042**
1.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
1.2 overall	1,901,793	212,042
2. Negative changes	**(15,458)**	**(4,333)**
2.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
2.2 overall	(15,458)	(4,333)
Total	**1.886.335**	**207.709**

9.2 Assets subject to macro-hedging of interest-rate risk: breakdown

HEDGED ASSETS	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
1. Loans and receivables	-	-
2. Available-for-sale financial assets	-	-
3. Portfolio	8,330,005	996,258
Total	**8,330,005**	**996,258**

Section 10 – Equity investments – Item 100

10.1 Equity investments in subsidiaries, joint ventures or companies under significant influence: information on shareholders' equity

NAME	MAIN OFFICE	EQUITY % (*)	VOTING RIGHTS
A. Subsidiaries			
1. Aspra Finance S.p.A.	Milan	100.00% (A)	
2. Bank Pekao S.A.	Warsaw	59.24%	
3. BdR Roma Prima Ireland Ltd	Dublin	100.00% (B)	
4. Box 2004 S.p.A. (in liquidazione)	Rome	100.00% (C)	
5. Cordusio Società Fiduciaria per Azioni	Milan	100.00%	
6. Entasi S.r.l.	Rome	100.00%	
7. Eurofinance 2000 S.r.l.	Rome	100.00%	
8. Family Credit Network S.p.A.	Milan	100.00%	
9. Fineco Leasing S.p.A.	Brescia	100.00%	
10. Fineco Verwaltung AG	Munich	100.00%	
11. FinecoBank S.p.A.	Milan	100.00%	
12. I-Faber Società per Azioni	Milan	65.32%	
13. IPSE 2000 S.p.A. (in liquidazione)	Rome	50.00% (D)	
14. IRFIS - Mediocredito della Sicilia S.p.A.	Palermo	76.26%	
15. Localmind S.p.A.	Milan	95.76%	
16. Medioinvest S.r.l.	Perugia	100.00%	
17. Pioneer Global Asset Management S.p.A.	Milan	100.00%	
18. Quercia Funding S.r.l.	Verona	65.00%	
19. Quercia Software S.p.A. (now Quercia Software S.c.p.a.)	Verona	0.50% (E)	
20. Sicilia Convention Bureau S.r.l.	Catania	100.00%	
21. Sofigere Société par Actions Simplifiée	Paris	100.00%	
22. SOFIPA Società di Gestione del Risparmio (SGR) S.p.A.	Rome	100.00%	
23. Trevi Finance N. 2 S.p.A.	Conegliano (TV)	60.00%	
24. Trevi Finance N. 3 S.r.l.	Conegliano (TV)	60.00%	
25. Trevi Finance S.p.A.	Conegliano (TV)	60.00%	
26. Trieste Adriatic Maritime Initiatives S.r.l.	Trieste	31.00% (F)	
27. UniCredit Audit Società consortile per azioni	Milan	99.86% (G)	
28. UniCredit Bank AG	Munich	100.00%	
29. UniCredit Bank Austria AG	Vienna	99.99%	
30. UniCredit Bank D.D.	Mostar	3.27% (H)	3.28%
31. UniCredit Bank Ireland P.l.c.	Dublin	100.00%	
32. UniCredit BPC Mortgage S.r.l.	Verona	60.00%	
33. UniCredit Bulbank A.D.	Sofia	.. (I)	
34. UniCredit Business Partner Società consortile per azioni	Cologno Monzese (MI)	53.07% (J)	
35. UniCredit Consumer Financing AD	Sofia	50.10% (K)	
36. UniCredit Consumer Financing IFN S.A.	Bucarest	53.94% (L)	
37. UniCredit Credit Management Bank S.p.A.	Verona	97.81% (M)	100.00%
38. UniCredit Delaware Inc.	Dover (Delaware)	100.00%	
39. Unicredit Factoring S.p.A.	Milan	100.00%	
40. UniCredit Global Information Services Società consortile per azioni	Milan	65.26% (N)	
41. UniCredit International Bank (Luxembourg) S.A.	Luxembourg	100.00%	
42. UniCredit Leasing S.p.A.	Bologna	68.99% (O)	

Part B - Balance Sheet - Assets (Continued)

(Equity investments in subsidiaries, joint ventures or companies under significant influence: information on shareholders' equity) Continued

NAME	MAIN OFFICE	EQUITY % (*)	VOTING RIGHTS
43. UniCredit Logistics S.r.l.	Verona	100.00%	
44. UniCredit Mediocredito Centrale S.p.A.	Rome	100.00%	
45. UniCredit Merchant S.p.A.	Rome	100.00%	
46. UniCredit (U.K.) Trust Services Ltd	London	100.00%	
47. UniCredit Real Estate Società consortile per azioni	Genoa	100.00% (P)	
48. UniCredito Italiano Funding LLC III	Wilmington (Delaware)	100.00%	
49. UniCredito Italiano Funding LLC IV	Wilmington (Delaware)	100.00%	
50. Unimanagement S.r.l.	Turin	100.00%	
51. Xelion Doradcy Finansowi Sp.zo.o.	Warsaw	50.00% (Q)	
B. Joint ventures			
1. EuroTLX SIM S.p.A.	Milan	50.00%	
C. Companies under significant influence			
1. Aviva S.p.A.	Milan	49.00%	
2. CNP UniCredit Vita S.p.A.	Milan	38.80%	
3. Compagnia Italpetroli S.p.A.	Rome	49.00%	
4. Creditras Assicurazioni S.p.A.	Milan	50.00%	
5. Creditras Vita S.p.A.	Milan	50.00%	
6. Europrogetti & Finanza S.p.a. in liquidazione	Rome	39.79%	
7. Fidia - Fondo Interbancario d'Investimento Azionario SGR S.p.A.	Milan	50.00%	
8. G.B.S. General Broker Service S.p.A.	Rome	20.00%	
9. Incontra Assicurazioni S.p.A. (già Capitalia Assicurazioni S.p.A.)	Milan	49.00%	
10. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidazione)	Catania	20.00%	
11. Mediobanca - Banca di Credito Finanziario S.p.A.	Milan	8.66%	
12. Nuova Teatro Eliseo S.p.A.	Rome	41.02% (R)	
13. Profingest	Bologna	28.98%	
14. SIA-SSB S.p.A.	Milan	24.07%	
15. Società Gestione per il Realizzo S.p.A. (in liquidazione)	Rome	26.38%	
16. Sviluppo Globale GEIE	Rome	25.00% (S)	

(*) The equity stake is held by Parent Company and does not include any stake held by other Group companies
(A) The company was absorbed by UniCredit Credit Management Bank S.p.A. on 01/01/2011.
(B) The company was cancelled from the local Companies' Register in March 2011.
(C) In liquidation since 04/01/2010.
(D) In liquidation since 12/27/2010.
(E) The remaining 99.50% stake is held by UniCredit Global Information Services Società consortile per azioni.
(F) The company was established in December 2010.
(G) The remaning 0.14% stake is held by various Group companies.
(H) A further 89.98% stake is held directly and indirectly by UniCredit Bank Austria AG (89.97% with voting rights).
(I) UniCredit S.p.A. helds 0.004%. A further 92.86% is held by UniCredit Bank Austria AG.
(J) The residual interest of 43.96% is held as follows: 28.81% by UniCredit Bank Austria AG, 18.11% by UniCredit Bank AG and a fractional interest by various Group entities.
(K) The residual interest of 49.90% is held by UniCredit Bulbank A.D.
(L) The residual interest of 46.06% is held indirectly by UniCredit Bank Austria AG
(M) UniCredit Credit Management Bank S.p.A. holds 175,000 treasury shares, being 2.19% of issued capital.
(N) The residual interest of 34.74% is held as follows: 10.02 by UniCredit Bank Austria AG, 24.72% by UniCredit Bank AG and a fractional interest by various Group entities.
(O) The residual interest of 31.01% is held by UniCredit Bank Austria AG
(P) A fractional interest is held by various Group entities.
(Q) The residual interest of 50% is held by Bank Pekao S.A.
(R) The company was sold in February 2011.
(S) A further 0.05% is held by IRFIS Mediocredito della Sicilia S.p.A.

10.2 Equity investments in subsidiaries, joint ventures or companies under significant influence: information on the accounts

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS) *	SHAREHOLDERS' EQUITY		CARRYING VALUE	FAIR VALUE
A. Subsidiaries							
1. Aspra Finance S.p.A.	3,922,586	65,152	-242,466	3,226,526		3,350,006	X
2. Bank Pekao S.A.	32,735,882	2,426,723	642,018	4,989,620	(1)	4,394,141	X
3. BdR Roma Prima Ireland Ltd (A) (H)	32	1,391	1,360	12		..	X
4. Box 2004 S.p.A. (in liquidazione)	7,708	318	-85	7,384	(2)	7,499	X
5. Cordusio Società Fiduciaria per Azioni	22,355	24,481	7,439	12,510		4,827	X
6. Entasi S.r.l.	56	121	-	11		10	X
7. Eurofinance 2000 S.r.l.	144	155	-	31		31	X
8. Family Credit Network S.p.A.	192,656	40,903	2,208	22,774		15,726	X
9. Fineco Leasing S.p.A.	5,699,567	164,197	7,667	166,261	(2)	223,047	X
10. Fineco Verwaltung AG	174,468	2,616	1,705	173,681		171,099	X
11. FinecoBank S.p.A.	11,249,457	553,052	51,881	363,989	(2)	1,082,837	X
12. I-Faber Società per Azioni	21,592	18,098	2,688	13,488	(3)	9,700	X
13. IPSE 2000 S.p.A. (in liquidazione)	26,006	5,476	4,146	23,909		9,933	X
14. IRFIS - Mediocredito della Sicilia S.p.A.	584,710	18,990	-1,897	97,340		74,257	X
15. Localmind S.p.A.	2,825	300	54	2,715		1,712	X
16. Medioinvest s.r.l.	9,071	311	-66	9,042		8,330	X
17. Pioneer Global Asset Management S.p.A.	2,398,663	232,799	187,071	2,363,072		2,282,247	X
18. Quercia Funding S.r.l.	92	135	-	10		7	X
19. Quercia Software S.p.a. (now Quercia Software S.c.p.a.)	40,644	69,895	7,065	15,899		2	X
20. Sicilia Convention Bureau S.r.l.	275	79	-476	200		275	X
21. Sofigere Société par Actions Simplifiée (H)	9,309	1,026	-24	120		..	X
22. SOFIPA Società di Gestione del Risparmio (SGR) S.p.A.	14,669	4,717	-995	12,260	(2)	14,439	X
23. Trevi Finance N. 2 S.p.A.	193	123	-	154		74	X
24. Trevi Finance N. 3 S.r.l.	189	127	-	171		93	X
25. Trevi Finance S.p.A.	153	123	-	114		51	X
26. Trieste Adriatic Maritime Initiatives S.r.l. (B)	-	-	-	1,000		78	X
27. UniCredit Audit Società consortile per azioni	35,835	56,318	-179	4,047		2,225	X
28. UniCredit Bank AG	381,606,538	13,079,087	1,270,001	20,623,687		19,182,968	X
29. UniCredit Bank Austria AG	120,732,294	4,916,260	234	15,055,500	(3)	23,706,115	X
30. UniCredit Bank D.D.	1,842,054	129,367	16,184	204,190		1,496	X
31. UniCredit Bank Ireland P.l.c.	23,694,111	522,276	88,910	1,940,035	(4)	2,142,340	X
32. UniCredit BPC Mortgage S.r.l.	67	156	-	12		7	X
33. UniCredit Bulbank A.D.	5,765,232	418,311	81,166	910,713		25	X
34. UniCredit Business Partner Società consortile per azioni	284,334	392,176	-994	60,587	(5)	49,152	X
35. UniCredit Consumer Financing AD	70,662	16,388	6,562	24,735		10,054	X
36. UniCredit Consumer Financing IFN S.A.	132,345	19,446	-4,031	7,977	(6)	10,437	X
37. UniCredit Credit Management Bank S.p.A.	196,032	147,087	30,334	111,336		72,047	X
38. UniCredit Delaware Inc.	555,972	5,922	43	285		20	X
39. Unicredit Factoring S.p.A.	7,995,113	189,735	33,196	210,990		119,393	X
40. UniCredit Global Information Services Società consortile per azioni	1,082,013	1,433,441	23,317	378,608		175,725	X
41. UniCredit International Bank (Luxembourg) S.A.	4,250,648	198,542	5,683	223,296	(7)	305,443	X
42. UniCredit Leasing S.p.A.	20,767,914	712,833	49,732	1,641,610		900,508	X
43. UniCredit Logistics S.r.l.	942	1	-651	449	(8)	1,100	X
44. UniCredit Mediocredito Centrale S.p.A.	1,160,942	209,486	37,873	174,023		136,693	X
45. UniCredit Merchant S.p.A.	492,367	15,942	467	384,685		367,743	X
46. UniCredit (U.K.) Trust Services Ltd	254	123	1	239		275	X
47. UniCredit Real Estate Società consortile per azioni	3,152,192	894,650	34,698	1,321,401		1,169,869	X
48. UniCredito Italiano Funding LLC III	762,839	30,357	109	1,774		1	X
49. UniCredito Italiano Funding LLC IV	354,600	18,878	32	819		1	X
50. Unimanagement S.r.l.	8,611	10,332	55	576		110	X
51. Xelion Doradcy Finansowi Sp.zo.o.	4,194	10,382	421	2,336		940	X

Part B - Balance Sheet - Assets (Continued)

(Equity investments in subsidiaries, joint ventures or companies under significant influence: information on the accounts) Continued

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS) *	SHAREHOLDERS' EQUITY		CARRYING VALUE	FAIR VALUE
B. Joint ventures							
1. EuroTLX SIM S.p.A.	6,647	9,334	-1,806	4,256		2,085	X
C. Companies under significant influence							
1. Aviva S.p.A. (C)	10,387,516	2,405,949	2,444	606,437		295,076	
2. CNP UniCredit Vita S.p.A. (C)	14,163,345	2,365,341	-16,309	396,682	(2)	320,741	
3. Compagnia Italpetroli S.p.A. (D) (H)	266,262	10,140	-14,089	14,117		..	
4. Creditras Assicurazioni S.p.A. (C)	219,022	23,997	6,457	24,856		7,225	
5. Creditras Vita S.p.A. (C)	18,565,814	3,688,222	-5,120	352,482		169,023	
6. Europrogetti & Finanza S.p.A. in liquidazione (D)(H)	6,863	1,245	-462	-5,637		..	
7. Fidia - Fondo Interbancario d'Investimento Azionario SGR S.p.A. (E)	7,158	479	-209	4,756		2,378	
8. G.B.S. General Broker Service S.p.A. (F)	27,219	10,675	133	1,618		270	
9. Incontra Assicurazioni S.p.A. (già Capitalia Assicurazioni S.p.A.) (C)	115,597	8,676	625	12,822		5,202	
10. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidazione) (D)(H)	3,544	79	33	3,523		..	
11. Mediobanca - Banca di Credito Finanziario S.p.A. (G)	61,374,200	1,131,200	130,100	4,871,900	(9)	1,059,302	498,780
12. Nuova Teatro Eliseo S.p.A. (D)	7,119	6,218	-27	806		331	
13. Profingest (H)	1,547	67	5	568		..	
14. SIA-SSB S.p.A. (D)	254,135	307,405	-20,727	147,760	(2/3)	73,503	
15. Società Gestione per il Realizzo S.p.A. (in liquidazione) (D)	58,636	12,313	8,619	41,548		2,566	
16. Sviluppo Globale GEIE (H)	866	979	-103	316		..	

* Amount included in Shareholders' Equity (see next column).
(A) Figures from balance sheet at 11/30/2010.
(B) This figure refers to the Share Capital, as the company was established in December 2010.
(C) Figures from first-half report at 06/30/2010.
(D) Figures from balance-sheet at 12/31/2009.
(E) Figures from the balance sheet as at 09/30/2010.
(F) Figures from balance-sheet at 06/30/2009.
(G) Figures from first-half report at 12/31/2010.
(H) Carrying Amount is lower than rounding of this table.

In respect of the above table, please note that:
- The figures of each subsidiary are taken from duly approved 2010 annual accounts. If 2010 figures are not available, the figures given are from the latest approved accounts or balance sheet. Non-euro subsidiaries' figures are converted at year-end exchange rates.
- The difference between carrying value and the lower value of the fraction of net equity is due to:
  1) Higher market capitalization.
  2) The purchase price determined on absorption of Capitalia in line with IFRS 3 - Business Combinations.
  3) A higher price paid on acquisition or increase in the equity interest (including all related costs) maintained in the accounts for the reasons underlying the original payment.
  4) The valuation of listed securities in the portfolio that led to an increase in the negative revaluation reserve;
  5) The subsidiary's higher enterprise value.
  6) Last years' losses deriving from the company's start-up;
  7) The cost of Capitalia Luxembourg S.A., which was determined on merge of Capitalia in line with IFRS 3 - Business Combinations.
  8) The loss recorded in 2010 following the costs for the company's establishment (in March 2010) and start-up;
  9) Unchanged profits forecasts for Mediobanca's business and equity investments.

10.3 Investments in associates and joint ventures: annual changes

	CHANGES IN	
	2010	2009
A. Opening balance	**69,912,253**	**69,852,748**
B. Increases	**5,989,054**	**3,033,638**
B.1 Purchases	5,276,858	212,028
of which: business combinations	*223,382*	-
B.2 Write-backs	-	-
B.3 Revaluation	-	-
B.4 Other changes	712,196	2,821,610
C. Decreases	**13,958,497**	**2,974,133**
C.1 Sales	13,100,337	3,629
of which: business combinations	*13,100,312*	-
C.2 Write-downs	27,317	125,814
C.3 Other changes	830,843	2,844,690
D. Closing balance	**61,942,810**	**69,912,253**
E. Total revaluation	**-**	**-**
F. Total write-downs	**301,461**	**231,455**

Sub-items B.4 and C.3 Other changes take into account the effects of business combinations which led to significant changes in the carrying amount of the associates involved. However, these changes did not impact the balance of item 100 Investments in associates and joint ventures, as they concerned inter-company transactions.

Amount stated in C.1 “Sales of which: business combinations” represents the book value in UniCredit S.p.A. of the equity investments in subsidiaries merged through One4C operation.

10.4 Commitments relating to equity investments in subsidiaries

The following commitments were outstanding as at December 31, 2010:

- Undertaking to pay fresh capital of €0.3 million to the subsidiary Sicilia Convention Bureau S.r.l. to cover start-up costs;
- Undertaking to set up a subsidiary in Brazil to support the activity of UniCredit’s São Paulo representative office within the overall restructuring of the Group’s foreign network. The new company will have capital of some €0.2 million.

Part B - Balance Sheet - Assets (Continued)

Section 11 - Property, plant and equipment - Item 110

11.1 Property, plant and equipment: breakdown of assets valued at cost

ASSETS/VALUES	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
A. Assets for operational use		
1.1 Owned	**270,562**	**25,421**
a) land	-	-
b) buildings	3,415	3,375
c) equipment	43,983	16,421
d) electronic systems	125,344	5,551
e) other	97,820	74
1.2 Leased	**-**	**-**
a) land	-	-
b) buildings	-	-
c) equipment	-	-
d) electronic systems	-	-
e) other	-	-
Total A	**270,562**	**25,421**
B. Held-for-investment assets		
2.1 Owned	**10,240**	**8,029**
a) land	3,373	3,129
b) buildings	6,867	4,900
2.2 Leased	**-**	**-**
a) land	-	-
b) buildings	-	-
Total B	**10,240**	**8,029**
Total (A + B)	**280,802**	**33,450**

11.2 Property, plant and equipment: breakdown of assets measured at fair value or revalued

For the measurement of property, plant and equipment, the Company does not apply the revaluation model.

11.3 Property, plant and equipment used in the business: annual changes

	CHANGES IN 2010					
	LAND	BUILDINGS	EQUIPMENT	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**-**	**3,694**	**58,253**	**74,300**	**4,405**	**140,652**
A.1 Net decreases	-	(319)	(41,832)	(68,749)	(4,331)	(115,231)
A.2 Net opening balance	**-**	**3,375**	**16,421**	**5,551**	**74**	**25,421**
B. Increases	**-**	**40**	**37,353**	**168,337**	**118,726**	**324,456**
B1. Purchases	-	-	37,346	168,257	118,693	324,296
of which: business combinations		-	*33,843*	*146,998*	*112,099*	*292,940*
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increase in fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	40	7	80	-	127
B.6 Transfer from properties held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	33	33
C. Decreases	**-**	**-**	**9,791**	**48,544**	**20,980**	**79,315**
C.1 Disposals	-	-	-	2	29	31
C.2 Depreciation	-	-	9,386	45,373	20,668	75,427
C.3 Impairment losses:	-	-	3	2,612	-	2,615
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	3	2,612	-	2,615
C.4 Reductions of fair value	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
C.5 Negative exchange difference	-	-	-	-	20	20
C.6 Transfers to:	-	-	-	-	-	-
a) property, plant and equipment held for investment	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	402	557	263	1,222
D. Net closing balance	**-**	**3,415**	**43,983**	**125,344**	**97,820**	**270,562**
D.1 Total net write-downs	-	(318)	(609,944)	(866,934)	(277,272)	(1,754,468)
D.2 Gross closing balance	**-**	**3,733**	**653,927**	**992,278**	**375,092**	**2,025,030**
E. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

Part B - Balance Sheet - Assets (Continued)

11.4 Property, plant and equipment held for investment: annual changes

	CHANGES IN 2010		
	LAND	BUILDINGS	TOTAL
A. Opening balance	**3,129**	**4,900**	**8,029**
B. Increases	**244**	**2,328**	**2,572**
B.1 Purchases	-	1,927	1,927
of which: business combinations	-	*1,927*	*1,927*
B.2 Capitalised expenditure on improvements	-	-	-
B.3 Increase in fair value	-	-	-
B.4 Write-backs	-	-	-
B.5 Positive exchange differences	244	381	625
B.6 Transfer from properties used in the business	-	-	-
B.7 Other changes	-	20	20
C. Decreases	**-**	**361**	**361**
C.1 Disposals	-	-	-
C.2 Depreciation	-	-	-
C.3 Reductions of fair value	-	-	-
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences			-
C.6 Transfers to other asset portfolios	-	-	-
a) Properties used in the business	-	-	-
b) Non-current assets classified as held-for-sale	-	-	-
C.7 Other changes	-	361	361
D. Closing balances	**3,373**	**6,867**	**10,240**
E. Measured at fair value	**3,368**	**4,923**	**8,291**

Section 12 - Intangible assets - Item 120

12.1 Intangible assets: detail by type of assets

	AMOUNTS AS AT			
	12.31.2010		12.31.2009	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	X	7,706,507	X	8,738,566
A.2 Other intangible assets:	32,616	-	31,272	-
A.2.1 Assets valued at cost	32,616	-	31,272	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	*32,616*	-	*31,272*	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**32,616**	**7,706,507**	**31,272**	**8,738,566**
Total finite and indefinite life		**7,739,123**		**8,769,838**

The goodwill recognized at December 31, 2010 derives from the merger by absorption of Capitalia, which took place on October 1, 2007, and from subsequent operations for the reorganization of the Italian subsidiaries carried out in 2008 and described in the Report on Operations for that year, as well as from the One4C transaction for the reasons explained at the bottom of Table 12.3 Other Information.

Under IAS 36 intangible assets with an indefinite useful life shall be tested for impairment annually by comparing the carrying amount of the assets with their recoverable amount, irrespective of whether there is any indication of impairment.

Goodwill is an intangible asset with indefinite useful life not generating cash flow, therefore it is necessary to calculate the recoverable amount of the Cash Flow Generating Unit (CGU) it belongs to. Goodwill arising from the business combinations was allocated as from the acquisition date to the cash flow generating units, which are expected to benefit from integration synergies, irrespective of whether other assets or liabilities of the absorbed company are allocated to these units.

For a description of the goodwill allocation methods to CGUs and the relevant impairment test see Part B – Consolidated Balance Sheet of the Consolidated Accounts.

12.2 Intangible assets: annual changes

	CHANGES IN 2010					
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross Opening Balance	**8,738,566**	**-**	**-**	**206,340**	**-**	**8,944,906**
A.1 Net decreases	-	-	-	(175,068)	-	(175,068)
A.2 Net opening balance	**8,738,566**	**-**	**-**	**31,272**	**-**	**8,769,838**
B. Increases	**-**	**-**	**-**	**5,712**	**-**	**5,712**
B.1 Purchases	-	-	-	5,564	-	5,564
of which: business combinations	-	-	-	*3,717*	-	*3,717*
B.2 Increases in intangible assets generated internally	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increase in fair value	-	-	-	-	-	-
- in equity	X	-	-	-	-	-
- through profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	148	-	148
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**1,032,059**	**-**	**-**	**4,368**	**-**	**1,036,427**
C.1 Disposals	-	-	-	8	-	8
C.2 Write-downs	-	-	-	4,292	-	4,292
- Depreciation	X	-	-	4,292	-	4,292
- write-downs	-	-	-	-	-	-
+ Net Equity	X	-	-	-	-	-
+ Profit and loss account	-	-	-	-	-	-
C.3 Reductions of fair value	-	-	-	-	-	-
- in equity	X	-	-	-	-	-
- through profit or loss	X	-	-	-	-	-
C.4 Trasfers to non-current assets held-for-sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	1,032,059	-	-	68	-	1,032,127
D. Net Closing Balance	**7,706,507**	**-**	**-**	**32,616**	**-**	**7,739,123**
D.1 Total net write-downs	-	-	-	-	-	-
E. Gross Closing Balance	**7,706,507**	**-**	**-**	**32,616**	**-**	**7,739,123**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

12.3 Other Infomation

The One4C transaction, the absorption of the segment banks and specialized companies into UniCredit S.p.A., is the last step of a series of corporate reorganization transactions carried out within the UniCredit group, of which the following are worthy of mention as particularly significant:
- creation of the segment banks (transaction S3);
- merging of the former Capitalia banks into UniCredit S.p.A. and immediate creation of new retail banks, geographically specialized, and contribution of the Corporate and Private segments to the existing segment banks (Carve in/out)
- integration into the specialized company UniCredit Family Financing of the mortgage, personal loan and credit card businesses either with the merger of the abovementioned specialized companies, or with the contribution of lines of business by the segment banks.

Such corporate transactions which are of a purely reorganizational nature - i.e. business combinations under common control - are excluded from the scope of application of IFRS 3 and there is no specific treatment for them under IAS/IFRS standards.

In this context, the representation of the transactions on the separate financial statements of the companies involved has been defined from time to time on the basis of developing standards and interpretations. This has meant different recognition on the separate financial statements and on the group's consolidated financial statements, given that at the consolidated level, the respective effects have been neutralized and the results brought back into line with the pre-transaction ones resulting from the application of IFRS 3.

With the above mentioned One4C transaction, considering that the values previously referring to the Segment Banks or to the Specialized Companies are now stable part of UniCredit S.p.A. net equity, the goodwill on the Solo Accounts have been realigned to Consolidated one. The difference between the UniCredit's book values of the equity investments in the Banks and Companies merged and their net equity was allocated first to reconstitute the existing Business Combination Reserves for an amount equal to the value of the same Reserves previously booked in the merged companies and then to Goodwill.
The amount for that transaction deducted from Goodwill is 1,032,059 thousand (see Table 12.2 Intangible assets – annual changes: C.6 Other changes).

Part B - Balance Sheet - Assets (Continued)

Section 13 - Tax assets and tax liabilities - Item 130 (assets) and 80 (liabilities)

13.1 Deferred tax assets: breakdown

DEFERRED TAX ASSETS RELATED TO:	AMOUNTS AS AT 12.31.2010	12.31.2009
Assets/liabilities held for trading	-	36
Other financial instruments	262,418	161,142
Hedging derivatives / changes in fair value of portfolio hedged items	62,911	32,526
Investments in associates and joint ventures	4,347	4,316
Property, plant and equipment / intangible assets	2,649,504	2,397,176
Provisions	293,811	182,151
Write-downs on loans	2,203,111	739,427
Other assets / liabilities	246,937	28,891
Loans and receivables with banks and customers	234,522	178,013
Taxes losses carried forward	59,816	275,816
Other	34,457	1,431
Total	**6,051,834**	**4,000,925**

13.2 Deferred tax liabilities: breakdown

DEFERRED TAX LIABILITIES RELATED TO:	AMOUNTS AS AT 12.31.2010	12.31.2009
Loans and receivables with banks and customers	-	-
Assets/liabilities held for trading	-	-
Hedging derivatives / changes in fair value of portfolio hedged items	178,562	9,373
Investments in associates and joint ventures	6,656	2,444
Other financial instruments	13,077	35,884
Property, plant and equipment/intangible assets	57,242	4,099
Other assets / liabilities	-	13,385
Deposits from banks and customers	-	-
Other	91	-
Total	**255,628**	**65,185**

13.3 Deferred tax assets: annual changes (balancing P&L)

	CHANGES IN 2010	2009
1. Opening balance	**3,844,459**	**4,622,011**
2. Increases	**2,541,469**	**140,765**
2.1 Deferred tax assets arising during the year	1,104,628	140,765
a) relating to previous years	*359,535*	-
b) due to change in accounting policies	-	-
c) write-backs	-	-
d) other	*745,093*	*140,765*
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,436,841	-
of which: business combinations	*1,436,841*	-
3. Decreases	**667,425**	**918,317**
3.1 Deferred tax assets derecognised during the year	662,161	798,941
a) reversals of temporary differences	*476,161*	*798,941*
b) write-downs of non-recoverable items	*186,000*	-
c) change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	5,264	119,376
4. Final amount	**5,718,503**	**3,844,459**

With the transaction known as "One4C", the companies UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A., Banco di Sicilia S.p.A., UniCredit Corporate Banking S.p.A., UniCredit Private Banking S.p.A, UniCredit Family Financing Bank S.p.A. and UniCredit Bancassurance were absorbed into UniCredit S.p.A. dated November 1, 2010 with tax and accounting effects as of January 1, 2010.

As a result of this transaction, in 2010 the Parent Company began budgeting the tax basis for the IRAP Regional Tax on production activities (Imposta Regionale sulle Attività Produttive), which is expected to be positive for significant amounts in the future. This has made it possible also to begin deducting for IRAP purposes the goodwill deducted in 2008 based on Article 15, paragraph 10 and 11 of Legislative Decree no. 185 of November 29, 2008. Deferred tax assets of €359,535 thousand were therefore recognized, determined by applying a rate of 4.4% to the amount remaining to be deducted. The IRAP rate of 4.4% is lower than the actual tax rate at which the company has been taxed in the last two years (4.77% and 4.80%) and was adopted for reasons of prudence, taking into account the extremely long period of amortization of goodwill and the potential mobility of regional IRAP mark up, which in fact determine its actual economic impact.

At the same time, considering the generally unfavorable economic context, it was considered prudent to eliminate a portion totaling €186,000 thousand of the deferred tax assets recognized in 2007 in view of the tax loss of the absorbed Capitalia S.p.A. The remaining deferred tax assets for that loss, which can be used to offset any taxable income in 2011, but not in later years, is €55,816 thousand.

13.4 Deferred tax liabilities: annual changes (balancing P&L)

	CHANGES IN	
	2010	2009
1. Opening balance	**17,485**	**531,240**
2. Increases	**63,360**	**2,662**
2.1 Deferred tax liabilities arising during the year	1,621	2,662
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*1,621*	*2,662*
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	61,739	-
of which: business combinations	*61,739*	-
3. Decreases	**20,476**	**516,417**
3.1 Deferred tax liabilities derecognised during the year	20,434	516,417
a) reversals of temporary differences	*20,434*	*516,417*
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	42	-
4. Final amount	**60,369**	**17,485**

13.5 Deferred tax assets: annual changes (balancing Net Equity)

	CHANGES IN	
	2010	2009
1. Opening balance	**156,466**	**61,484**
2. Increases	**189,738**	**151,547**
2.1 Deferred tax assets arising during the year	169,508	32,171
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*169,508*	*32,171*
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	20,230	119,376
of which: business combinations	*20,230*	-
3. Decreases	**12,873**	**56,565**
3.1 Deferred tax assets derecognised during the year	10,784	15,950
a) reversals of temporary differences	*10,784*	*15,950*
b) writedowns of non-recoverable items	-	-
c) due to change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	2,089	40,615
4. Final amount	**333,331**	**156,466**

Part B - Balance Sheet - Assets (Continued)

13.6 Deferred tax liabilities: annual changes (balancing Net Equity)

	CHANGES IN	
	2010	2009
1. Opening balance	**47,700**	**2,964**
2. Increases	**171,043**	**46,297**
2.1 Deferred tax liabilities arising during the year	43,298	46,297
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*43,298*	*46,297*
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	127,745	-
of which: business combinations	*120,745*	-
3. Decreases	**23,484**	**1,561**
3.1 Deferred tax liabilities derecognised during the year	18,060	1,561
a) reversal of temporary differences	*14,542*	*481*
b) due to change in accounting policies	-	-
c) other	*3,518*	*1,080*
3.2 Reduction in tax rates	-	-
3.3 Other decreases	5,424	-
4. Final amount	**195,259**	**47,700**

13.7 Other information

National tax consolidation rules

Legislative Decree No. 344 of December 12, 2003, which consisted of tax reforms on corporate income tax (IRES), introduced the taxation of income of corporate groups based on the national consolidated tax scheme.

The national consolidated tax scheme is optional in nature and has a restricted duration of three financial years and is subject to certain conditions being met (a control relationship and identification of the operating period).

At present, participation in the national consolidated tax scheme provides the following economic and/or financial advantages:
- the immediate offsetting of taxable earnings and losses generated by companies included in the scope of consolidation;
- The total deductibility of interest expense accrued by banks and other financial entities payable to other participating entities (banks and other financial entities), although only up to total interest expense accrued by such entities and payable to entities not participating in the tax consolidation scheme (Law No. 133/2008);
- The total deductibility of interest expense accrued by non-banking and non-financial entities to other such participating entities, if, and to the extent to which the other companies participating in the tax consolidation scheme report excess, and thus non fully utilized, gross operating profit (2008 Budget Law) for the same tax period.

At the end of 2010, the companies for which the option was applied for the national tax consolidation scheme were as follows:
UniCredit Factoring – Milan
Pioneer Global Asset Management – Milan
Pioneer Alternative Investment Management - Milan
Pioneer Investment Management - Milan
Fineco Bank - Milan
UniCredit Leasing - Bologna
UniCredit Credit Management Bank - Verona
Fineco Leasing - Brescia
UniCredit MedioCredito Centrale - Rome
UniCredit Merchant - Rome
Aspra Finance – Milan
I-Faber - Milan
Cordusio Fiduciaria - Milan
UniCredit Real Estate - Genoa
UniCredit Global Information Services - Milan
UniCredit Business Partner – Cologno Monzese (MI)
UniCredit Audit - Milan
UniManagement - Turin

The number of companies included in the tax consolidation scheme dropped significantly from 2009, since, as a result of the "One4C" transaction, UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A., Banco di Sicilia S.p.A. (for which the option was also exercised for inclusion in the tax consolidation scheme by a board resolution of April 21, 2010), UniCredit Corporate Banking S.p.A., UniCredit Private Banking S.p.A. and UniCredit Family Financing Bank S.p.A. were merged into UniCredit S.p.A. on November 1, 2010 with tax and accounting effects from January 1, 2010.

2010 Tax dispute

From December 29-30, 2010, the Regional Revenue Offices of Liguria, Emilia-Romagna, Lazio and Sicily served assessment notices on the company related to structured finance transactions carried out in 2005. With respect to UniCredit Banca, the Regional Revenue Office of Emilia-Romagna served an assessment notice related to financial year 2004.
Notices were given to UniCredit S.p.A. on its own behalf and as the holding company for Capitalia S.p.A., UniCredit Banca S.p.A., Banco di Sicilia S.p.A. and Banca di Roma S.p.A.
The total amounts assessed were as follows:

1) IRES:	€190.7 million
2) Interest on IRES:	€22.0 million
3) IRES-related penalties	€339.2 million
4) IRAP	€8.0 million
5) Interest on IRAP	€1.1 million
6) IRAP-related penalties	€13.7 million

All the aforementioned banks carried out a transaction called "DB Vantage", which consisted of a Repo transaction with an underlying bond issued by a British company of the Deutsche Bank group and denominated in Turkish lira. These investments, which were a part of the Treasury Unit's current operations, allowed the banks to generate profits and greater than investments of the same nature with similar characteristics, disregarding any tax aspects.

In 2004 and 2005, only UniCredit Banca carried out a Repo transaction on the shares of a company resident in New Zealand, which is also a part of the Deutsche Bank group. In this case, the investment again provided profits greater than investments of the same nature with similar characteristics, disregarding any tax aspects.

All charges of the Revenue Agency are based on the concept of "abusing rights."

The company believes that the liabilities indicated represent a possible risk, and in light of in-depth technical assessments, it believes that no provision is necessary.

All assessment notices are being contested through the appropriate Provincial Tax Commissions.

"Barclays Brontos" transaction

In financial years 2007, 2008 and 2009, in differing amounts and subject to differing pricing conditions, UniCredit Banca S.p.A., UniCredit Corporate Banking S.p.A. and UniCredit Banca di Roma S.p.A. carried out a certain type of structured finance transaction with the Milan Branch of the British bank Barclays Plc, called "Brontos" by the latter bank.
The transaction consists of a Repo carried out between the Milan Branch of Barclays Plc and the referenced banks of the UniCredit Group, with underlying financial instruments issued by a Luxembourg company wholly-owned by the Barclays Group and denominated in Turkish lira.
In the first half of 2009, the Milan Prosecutor's Office initiated an investigation, which is still pending.
The offense that the Milan Prosecutor's Office is pursuing is a violation of Article 3 of Decree Law No. 74 of March 10, 2000 and Article 112, clauses 1 and 2, paragraph 81 of the Penal Code.
From an administrative/tax standpoint, the Tax Administration has not yet initiated investigation proceedings.

Deferred tax assets due to tax losses carried forward

In compliance with IAS12, no deferred tax assets due to tax losses carried forward have been recognized as there are no probable sufficient taxable profits against which the unused tax losses could be utilized. Particularly, tax losses carried forward amounted to €1,487 million related to losses carried forward in the Permanent Establishment and in the Foreign Branches due to start-up costs or other running costs. In observance of prudence principle, in those countries the future expected taxable profits do not permit to foresee the utilization of such tax losses.

Part B - Balance Sheet - Assets (Continued)

Section 14 - Non-current assets and disposal groups classified as held for sale - Item 140 (assets) and 90 (liabilities)

14.1 Non-current assets and disposal groups classified as held for sale: breakdown by assets

	AMOUNTS AS AT	
	12.31.2010	12.31.2009
A. Individual assets		
A.1 Financial assets	-	-
A.2 Equity investments	21,787	-
A.3 Property, Plant and Equipment	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	**21,787**	**-**
B. Asset groups classified as held for sale		
B.1 Financial assets held for trading	-	-
B.2 Financial assets measured at fair value	-	-
B.3 Available for sale financial assets	-	-
B.4 Held to maturity investments	-	-
B.5 Loans and receivables with banks	-	-
B.6 Loans and receivables with customers	-	-
B.7 Equity investments	-	-
B.8 Property, Plant and Equipment		
B.9 Intangible assets	-	-
B.10 Other assets	-	-
Total B		
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	**-**	**-**
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	-	-
D.2 Deposits from customers	-	-
D.3 Debt securities in issue	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities measured at fair value	-	-
D.6 Provisions	-	-
D.7 Other liabilities	-	-
Total D	**-**	**-**

Non-current assets and disposal groups classified as held for sale are related to the following foreseen sales:
- Majority quote, equal to 85.4%, in Banca Agricola Commerciale of R.S.M. S.p.A.
- Equity investment in Metis S.p.A. (about 22.7%)

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

ITEMS/VALUES	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
Accrued income other capitalised income	446,999	51,724
Cash and other valuables held by cashier:	425,397	608
- current account cheques being settled, drawn on third parties	*403,616*	*201*
- current account cheques payablee by group banks, cleared and in the process of being debited	*3,376*	-
- money orders, bank drafts and equivalent securities	*18,404*	-
- coupons, securities due on demand, revenue stamps and miscellaneous valuables	*1*	*407*
Interest and charges to be debited to:	2,502	962
- customers	*2,458*	*962*
- banks	*44*	-
Items in transit between branches not yet allocated to destination accounts	420,108	133,360
Items in processing	1,671,078	8,045
Items deemed definitive but non-attributable to other items:	3,057,895	415,556
- securities and coupons to be settled	*195,851*	*5,051*
- other transactions	*2,862,044*	*410,505*
Adjustments for unpaid bills and notes	54,865	-
Tax items other than those included in item 130	1,773,830	1,533,980
of which: Group VAT credit	*311,939*	*545,795*
Loans in respect of share based payments:	29,592	53,558
- loans to subsidiaries in respect of equity settled share based payments	*28,644*	*48,400*
- loans to subsidiaries in respect of cash settled share based payments	*948*	*5,158*
Other items:	773,252	254,326
- leasehold improvements (on non-separable assets)	*203,432*	*13,238*
- items related to accidents and disputes pending (valued at their estimated realization amount)	*345,199*	*41,376*
- other items	*224,621*	*199,712*
Total	**8,655,518**	**2,452,119**

“Items deemed definitive but non-attributable to other items” and “Items in processing” refer to routine activities in settlement of financial and foreing exchanges business being in processing through out December 31, 2010. The same was as at December 31, 2009. The increase is due to the increased business of the Bank.

Part B - Balance Sheet (Amounts in thousands of €)

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
1. Deposits from central banks	**7,527,783**	**5,963,444**
2. Deposits from banks	**41,496,008**	**153,644,005**
2.1 Current accounts and demand deposits	11,405,070	77,132,903
2.2 Time deposits	13,902,713	28,371,850
2.3 Loans	16,180,221	48,139,252
2.3.1 Reverse repos	*4,691,082*	*11,612,643*
2.3.2 other	*11,489,139*	*36,526,609*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	8,004	-
Total	**49,023,791**	**159,607,449**
Fair value	***49,023,791***	***159,607,449***

1.2 Breakdown of item 10 "Deposits from banks": subordinated debt

Part F) Shareholders' Equity of the Notes to the Accounts includes the list of all subordinated debt instruments. Subordinated debt recognized in the item "Deposits from banks" amounts to €2,083,195 thousand.

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
1. Current accounts and demand deposits	114,352,380	2,537,133
2. Time deposits	5,198,094	6,072,694
3. Loans	30,618,009	7,300,480
3.1 Reserve repos	*28,994,075*	*6,041,466*
3.2 Other	*1,623,934*	*1,259,014*
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	7,985,207	323
Total	**158,153,690**	**15,910,630**
Fair value	***158,153,690***	***15,910,630***

2.2 Breakdown of item 20 "Deposits from customers": subordinated debt

This item includes subordinated debt in the amount of €1,099,052 thousand.

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: product breakdown

TYPE OF SECURITIES/ VALUES	AMOUNTS AS AT							
	12.31.2010				12.31.2009			
	CARRYING VALUE	FAIR VALUE			CARRYING VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Securities								
1. Bonds	94,267,274	37,604,692	55,011,468	-	95,632,184	28,072,138	65,568,664	2,897,243
1.1 structured	7,986,884	-	8,071,908	-	10,301,374	-	10,593,472	-
1.2 other	86,280,390	37,604,692	46,939,560	-	85,330,810	28,072,138	54,975,192	2,897,243
2. Other securities	29,272,738	-	5,863,261	23,328,232	35,464,249	-	6,599,460	28,836,135
2.1 structured	630,036	-	625,796	-	663,810	-	661,437	11,764
2.2 other	28,642,702	-	5,237,465	23,328,232	34,800,439	-	5,938,023	28,824,371
Total	**123,540,012**	**37,604,692**	**60,874,729**	**23,328,232**	**131,096,433**	**28,072,138**	**72,168,124**	**31,733,378**

Total Level 1, Level 2 and Level 3				**121,807,653**				**131,973,640**

3.2 Breakdown of item 30 “Debt securities in issue”: subordinated debt securities

This item includes subordinated securities in the amount of €13,901,737 thousand.

3.4 Breakdown of item 30 “Debt securities in issue”: Covered Bond

UniCredit S.p.A. issued 7 tranches of OBGs (Covered Bonds) totalling €8,15 billion. €2,4 billion (face value) of these issues were bought in by UniCredit S.p.A..

Part B - Balance Sheet - Liabilities (Continued)

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: product breakdown

	AMOUNTS AS AT									
	12.31.2010					12.31.2009				
		FAIR VALUE					FAIR VALUE			
TYPE OF SECURITIES/VALUES	NOMINAL VALUE	LEVEL 1	LEVEL 2	LEVEL 3	FV*	NOMINAL VALUE	LEVEL 1	LEVEL 2	LEVEL 3	FV*
A. Financial liabilities										
1. Deposits from banks	-	-	-	-	-	-				-
2. Deposits from customers	27,000	26,985	-	-	27,000	-	-	-	-	-
3. Debt securities	-	-	-	-	-	26,185	-	36,468	-	36,468
3.1 Bonds	-	-	-	-	-	26,185	-	36,468	-	36,468
3.1.1 Structured	-	-		-	X	*26,185*	-	*36,468*	-	X
3.1.2 Other	-	-	-	-	X	-				X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-				X
3.2.2 Other	-	-	-	-	X	-				X
Total A	**27,000**	**26,985**	**-**	**-**	**27,000**	**26,185**	**-**	**36,468**	**-**	**36,468**
B) Derivative instruments										
1. Financial derivatives	X	6,144	6,578,936	261,893	X	X	117,536	2,380,313	404,138	X
1.1 Trading	X	6,144	5,525,638	40,529	X	X	117,536	1,963,232	4,551	X
1.2 Relating to Fair Value Option	X	-	-	-	X	X	-	-	-	X
1 .3 Other	X	-	1,053,298	221,364	X	X	-	417,081	399,587	X
2. Credit derivatives	X	-	-	545	X	X	-	-	77	X
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Relating to Fair Value Option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	545	X	X	-	-	77	X
Total B	**X**	**6,144**	**6,578,936**	**262,438**	**X**	**X**	**117,536**	**2,380,313**	**404,215**	**X**
Total A+B	**X**	**33,129**	**6,578,936**	**262,438**	**X**	**X**	**117,536**	**2,416,781**	**404,215**	**X**
Total Level 1, Level 2 and Level 3				**6,874,503**					**2,938,532**	

FV* = fair value calculated excluding value adjustments due to variations in the credit rating of the issuer since the issue date

"Financial derivatives: other" comprises: (i) derivatives embedded in structured financial instruments, where the host has been classified in a category other than held-for-trading or fair value option and (ii) derivatives that, for economic purposes, are associated with banking book instruments. The amount stated in A.2 "Deposits from Customers" is completely attributable to technical vacancies.

4.4 Financial liabilities (other than uncovered positions) held for trading: annual changes

	CHANGES IN 2010			
	DEPOSITS FROM BANKS	DEPOSITS FROM CUSTOMERS	DEBT SECURITIES IN ISSUE	TOTAL
A. Opening balance	**-**	**-**	**36,468**	**36,468**
B. Increases	**-**	**-**	**-**	**-**
B.1 Issues	-	-	-	-
B.2 Sales	-	-	-	-
B.3 Increases in fair value	-	-	-	-
B.4 Other changes	-	-		-
of which: business combinations				-
C. Decreases	**-**	**-**	**36,468**	**36,468**
C.1 Purchases	-	-	-	-
C.2 Redemptions	-	-	36,468	36,468
C.3 Reductions of fair value	-	-		-
C.4 Other changes	-	-	-	-
D. Closing balance	**-**	**-**	**-**	**-**

Section 5 - Financial liabilities at fair value through profit or loss - Item 50

5.1 Financial liabilities measured at fair value: product breakdown

TYPE OF TRANSACTIONS/ VALUES	AMOUNTS AS AT									
	12.31.2010					12.31.2009				
	NOMINAL VALUE	FAIR VALUE			FV*	NOMINAL VALUE	FAIR VALUE			FV*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
1. Deposits from banks	51,064	-	51,064	-	51,064	-	-	-	-	-
1.1 Structured	51,064	-	51,064	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
2. Deposits from customers	-	-	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**51,064**	**-**	**51,064**	**-**	**51,064**	**-**	**-**	**-**	**-**	**X**
Total Level 1, Level 2 and Level 3			51,064						-	

FV* = fair value calculated excluding value adjustments due to variations in the credit rating of the issuer since the issue date

5.3 Financial liabilities measured at fair value - annual changes

	CHANGES IN 2010			
	DEPOSITS FROM BANKS	DEPOSITS FROM CUSTOMERS	DEBT SECURITIES IN ISSUE	TOTAL
A. Opening balance	**-**	**-**	**-**	**-**
B. Increases	**51,745**	**-**	**-**	**51,745**
B.1 Issues	-	-	-	-
B.2 Sales	51,745	-	-	51,745
of which: business combinations	*51,745*	-	-	*51,745*
B.3 Increases in fair value	-	-	-	-
B.4 Other changes	-	-		-
C. Decreases	**681**	**-**	**-**	**681**
C.1 Purchases	-	-	-	-
of which: business combinations	-	-	-	-
C.2 Redemptions	-	-	-	-
C.3 Reductions of fair value	681	-	-	681
C.4 Other changes	-	-		-
D. Closing balance	**51,064**	**-**	**-**	**51,064**

Part B - Balance Sheet - Liabilities (CONTINUED)

Section 6 - Hedging derivatives - Item 60

6.1 Hedging derivatives: breakdown by type of hedging and by levels

	AMOUNTS AS AT							
	12.31.2010				12.31.2009			
	FAIR VALUE				FAIR VALUE			
	LEVEL 1	LEVEL 2	LEVEL 3	NV	LEVEL 1	LEVEL 2	LEVEL 3	NV
A) Financial derivatives	**-**	**3,580,093**	**81**	**91,907,544**	**-**	**3,585,207**	**87**	**76,347,922**
1) Fair value	-	3,237,661	81	75,389,121	-	3,355,632	87	65,706,113
2) Cash flow	-	342,432	-	16,518,423	-	229,575	-	10,641,809
3) Foreign assets	-	-	-	-	-	-	-	-
B) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flow	-	-	-	-	-	-	-	-
Total	**-**	**3,580,093**	**81**	**91,907,544**	**-**	**3,585,207**	**87**	**76,347,922**
Total Level 1, Level 2 and Level 3			3,580,174				3,585,294	

6.2 Hedging derivatives: breakdown by hedged items and hedge type

	AMOUNTS AS AT 12.31.2010								
	FAIR VALUE HEDGE						CASH FLOW HEDGE		
	MICRO-HEDGE								
TRANSACTIONS/HEDGE TYPES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISK	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN ASSETS
1. Available-for-sale financial assets	558,649					X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	1,347,127	X	26,265	X
5. Other transactions	-	-	-	-	-	X	-	X	
Total assets	**558,649**	**-**	**-**	**-**	**-**	**1,347,127**	**-**	**26,265**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	1,331,966	X	316,167	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**1,331,966**	**X**	**316,167**	**X**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

Section 7 - Changes in fair value of portfolio hedged financial liabilities - Item 70

7.1 Changes to hedged financial liabilities

	AMOUNTS AS AT	
CHANGES TO MACRO-HEDGED LIABILITIES	12.31.2010	12.31.2009
1. Positive changes to financial liabilities	1,884,241	2,883,071
2. Negative changes to financial liabilities	(518,216)	(1,423,522)
Total	**1,366,025**	**1,459,549**

7.2 Liabilities macro-hedged against interest rate risk: breakdown

	AMOUNTS AS AT	
HEDGED LIABILITIES	12.31.2010	12.31.2009
1. Deposits	-	-
2. Debt securities in issue	-	-
3. Portfolio	62,969,164	54,014,389
Total	**62,969,164**	**54,014,389**

Section 8 - Tax liabilities - Item 80

See Section 13 of assets

Section 9 - Liabilities included in disposal groups classified as held for sale - Item 90

See Section 14 of assets

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

ITEMS/VALUES	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
Liabilities for financial guarantees issued	655,830	541,244
- of which: guarantees issued on Trevi securities	*619,057*	*535,538*
Obligations for irrevocable commitments to distribute funds	1,710	5,810
Accrued expenses other than those to be capitalized for the financial liabilities concerned	85,299	8,378
Liabilities in respect of share based payments	948	5,157
Other liabilities due to employees	1,415,333	296,357
Items in transit between branches and not yet allocated to destination accounts	137,866	124
Available amounts to be paid to others	2,018,355	190,379
Items in processing	2,457,677	11,753
Entries related to securities transactions	-	51
Items deemed definitive but not attributable to other lines:	3,107,249	1,178,966
- accounts payable - suppliers	*483,480*	*229,448*
- other entries	*2,623,769*	*949,518*
- of which: Group Vat debt to subsidiaries	*311,939*	*577,655*
Liabilities for miscellaneous entries related to tax collection service	22	10,027
Adjustments for unpaid portfolio entries	40,061	-
Tax items different from those included in item 80	999,408	34,245
Other entries	778,804	23,999
Total Other Liabilities	**11,698,562**	**2,306,490**

“Items deemed definitive but non-attributable to other lines” and “Items in processing” refer to routine activities in settlement of financial and foreing exchanges business being in processing through out December 31, 2010. The same was as at December 31, 2009. The increase is due to the increased business of the Bank.

Section 11 - Provision for employee severance pay - Item 110

11.1 Provision for employee severance pay: annual changes

	CHANGES IN 2010	CHANGES IN 2009
A. Opening balance	**87,197**	**81,591**
B Increases	**1,114,089**	**26,216**
B.1 Provisions for the year	58,099	4,133
B.2 Other increases	1,055,990	22,083
of which: business combinations	*1,047,158*	-
C. Reductions	**156,429**	**20,610**
C.1 Severance payments	147,027	10,161
C.2 Other decreases	9,402	10,449
of which: business combinations	*815*	*5,577*
D. Closing balance	**1,044,857**	**87,197**

11.2 Other information

In accordance with the interpretation provided by IAS 19, provision for employee severance pay is included in defined-benefit plans and is therefore calculated according to the actuarial method described in Accounting policies. Actuarial assumptions and the reconciliation of the present value of provisions to the liability entered in the balance sheet are provided below.

Part B - Balance Sheet - Liabilities (CONTINUED)

Annual weighted average assumptions

	12.31.2010	12.31.2009
Discount rate	4.50%	4.75%
Expected return on plan assets	-	-
Rate of salary increase	-	-
Price inflation	2.00%	2.00%

Reconciliation of present values of provision, present value of plan assets, assets and liabilities recognised in the balance sheet

	AMOUNTS AS AT	
	12.31.2010	12.31.2009
Defined Benefit obligations	1,057,207	86,319
Fair value of plane assets	-	-
	1,057,207	86,319
Unrecognised net actuarial loss / (gain)	(12,350)	878
Balance sheet (Provision) or Prepayement	**1,044,857**	**87,197**

Section 12 - Provisions for risks and charges - Item 120

12.1 Provisions for risks and charges: breakdown

	AMOUNTS AS AT	
ITEMS/COMPONENTS	12.31.2010	12.31.2009
1. Pensions and other post retirement benefit obligations	**744,350**	**878,846**
2. Other provisions for risks and charges	**1,037,280**	**379,284**
2.1 Legal disputes	753,570	268,968
2.2 Staff expenses	-	-
2.3 Other	283,710	110,316
Total	**1,781,630**	**1,258,130**

LITIGATION RISK

There are pending lawsuits against UniCredit S.p.A..

In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings by the supervisory authority and claims in which the petitioner has not specifically quantified the penalties requested (for example, in putative class action in the United States). In such cases, given the infeasibility of predicting possible outcomes and estimating any losses in a reliable manner, no provisions are made. However, where it is possible to reliably estimate the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements based on the circumstances and consistent with IAS international accounting standards / IFRS.

To protect against possible liabilities that may result from pending lawsuits (excluding labour law, tax cases or credit recovery actions), UniCredit has set aside a provision for risks of charges of €658.3 million as at December 31, 2010. However, it is possible that this provision may not be sufficient to entirely meet the legal charges and the fines and penalties requested in pending legal actions.

Therefore, it may occur that a negative outcome for said proceedings could have a harmful effect on the financial situation of the UniCredit.
The following is a summary of pending cases in which UniCredit is involved, and which have a value of €100 million or greater. Tax, labour law and credit recovery cases are not included.

Madoff

In December 2008, Bernard L. Madoff (**Madoff**), former chairman of the NASDAQ Exchange and owner of Bernard L. Madoff Investment Securities LLC (**BMIS**), an investment company registered with the Securities Exchange Commission (the **SEC**) and the Financial Industry Regulatory Authority (**FINRA**), was arrested on charges of securities fraud for what has been described by U.S. authorities as a Ponzi scheme. In the same month, a bankruptcy administrator (the SIPA Trustee) for the liquidation of BMIS was appointed in accordance with the U.S. Securities Investor Protection Act of 1970. In March 2009, Madoff was found guilty of several crimes, including securities fraud, investment adviser fraud, and providing false information to the SEC: In June 2009, Madoff was sentenced to 150 years in prison.

Following Madoff's arrest, several criminal and civil suits were filed in various countries against financial institutions and investment advisers by, or on behalf of, investors, intermediaries acting as brokers for investors and public entities in relation to losses incurred.

UniCredit S.p.A., some of its subsidiaries, and some of their employees or former employees were subpoenaed, or may be subpoenaed in the future, in the proceedings and/or investigations of the Madoff case in various countries, including the United States, Austria, Chile.

As at the date of Bernard L. Madoff's arrest, the Alternative Investments division of Pioneer, a subsidiary of UniCredit S.p.A. (**PAI**), acted as investment manager and/or investment adviser for some funds that had invested in other funds with accounts at BMIS. Specifically, PAI acted as investment manager and/or investment adviser for the Primeo funds and various funds-of-funds (FoFs). PAI acted as the investment adviser for the Primeo funds from April 2007, after having taken over from BA Worldwide Fund Management, LTD (**BAWFM**), an indirect subsidiary of UniCredit Bank Austria AG (**BA**). The Primeo funds and FoFs invested in other funds, which held accounts managed by BMIS. Those other funds provided statements and other documentation in which they purported to represent that they held assets on behalf of the funds managed and/or advised by PAI in the amount of €805 million in November 2008. Based on these documents, the amount includes invested capital and proceeds from the investment. Given Madoff's admission of guilt and the facts that emerged following the fraud committed by BMIS, it is clear that the amounts indicated in the aforementioned documents do not accurately reflect the investments made and the proceeds from these investments. As a result, the above amounts should not be considered indicative of the amount of losses incurred by final investors of the funds involved.

UniCredit Bank AG (then HypoVereinsbank) issued various tranches of debt securities whose potential yield was calculated based on the yield of a hypothetical structured investment (synthetic investment) in the Primeo funds. The notional value of the debt securities issued in reference to Primeo funds was €27 million. Some legal proceedings were brought in Germany regarding debt securities issued by UniCredit Bank AG and connected to Primeo funds, naming UniCredit Bank AG as the defendant.

BAWFM, acted as investment adviser for Primeo funds until the beginning of April 2007. Some BA customers purchased shares in Primeo funds that were held on their accounts with BA.

UniCredit S.p.A. and its BA and PAI subsidiaries were named among the 50 defendants in three putative class actions suits filed with the United States District Court for the Southern District of New York (the **Southern District**), in which the petitioners claim to represent the investors of three funds whose assets were invested in BMIS, directly or indirectly.

In October 2009, the Southern District consolidated the three cases for pretrial purposes. Thereafter, amended consolidated complaints relating to each of three investment fund groups that allegedly invested with BMIS (the "Herald" funds, "Primeo" funds and "Thema" funds) were filed.

The amended "Herald" complaint, filed in February 2010, asserts putative class action claims on behalf of investors who owned shares of Herald Fund SPC-Herald USA Segregated Portfolio One and/or Herald (Lux) on 10 December 2008, or purchased shares in those funds from 12 January 2004, to 10 December 2008, and were damaged thereby. The amended complaint alleges that UniCredit S.p.A., BA and Bank Medici AG (**Bank Medici**), among other defendants, breached common law duties and violated U.S. federal securities laws by, inter alia, knowingly or recklessly failing to safeguard the claimants' investment in the face of "red flags" concerning Madoff. The claimant seeks unspecified damages, punitive damages, recoupment of fees, benefits or assets unjustly obtained from the putative class, costs and attorneys' fees to be determined at trial, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

The amended "Primeo" complaint, filed in February 2010, asserts putative class action claims on behalf of investors who owned shares of Primeo Select Fund and/or Primeo Executive Fund on 10 December 2008, or purchased shares of those funds from 12 January 2004, to 12 December 2008, and were damaged thereby. The amended complaint alleges that UniCredit S.p.A., BA, Bank Medici, BAWFM, PAI and Pioneer Global Asset Management S.p.A. (**PGAM**), among other defendants, breached common law duties and violated U.S. federal securities laws by, inter alia, misrepresenting the monitoring that would be done of Madoff and claimants' investments and disregarding "red flags" of Madoff's fraud. The Claimants seek unspecified damages, recoupment of fees, benefits or assets unjustly obtained from the putative class, interest, punitive damages, costs and attorneys' fees to be determined at trial, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

The amended "Thema" complaint, filed in February 2010, asserts putative class action claims on behalf of investors who owned shares of Thema International Fund plc and/or Thema Fund on 10 December 2008, or purchased shares in those funds from 12 January 2004 to 14 December 2008, and were damaged thereby. The amended complaint alleges that UniCredit, BAWFM and Bank Medici, among other defendants, violated U.S. federal securities laws and committed common law torts by, inter alia, recklessly or knowingly making or failing to prevent untrue statements of material fact and/or failing to exercise due care in connection with the claimants' investments. The amended complaint further alleges that UniCredit, BAWFM and Bank Medici were unjustly enriched by the receipt of monies from the putative class. The claimants seek unspecified damages (including profits that the putative class would have earned had their money been invested prudently), interest, punitive damages, costs and attorneys' fees, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

On December 5, 2010, the SIPA Trustee filed a complaint in the United States Bankruptcy Court in the Southern District of New York against some 70 defendants, including UniCredit S.p.A., BA, BAWFM, PAI, and Bank Medici seeking, as against these and other defendants, to recover amounts

Part B - Balance Sheet - Liabilities (Continued)

to be determined at trial, allegedly representing so-called avoidable transfers to initial transferees of funds from BMIS, subsequent transfers of funds originating from BMIS (in the form of alleged management, performance, advisory, administrative and marketing fees, among other such payments, said to exceed $400 million in the aggregate for all defendants), and compensatory and punitive damages against certain defendants, including the five abovementioned, alleged to be in excess of $2 billion. Although the SIPA Trustee reserves the right to amend its complaint as its investigation of BMIS continues, the complaint includes allegations that many among the 70 defendants, including the aforementioned five, are liable for avoidable transfers under the US Bankruptcy Code, that they were unjustly enriched by the receipt of moneys from BMIS, that they aided and abetted BMIS's breach of fiduciary duty and BMIS's fraud by disregarding supposed indicia of fraud and by funnelling funds into BMIS thereby allowing it to continue its Ponzi scheme.

On December 10, 2010, the SIPA Trustee filed another complaint in the United States Bankruptcy Court in the Southern District of New York against UniCredit S.p.A., BA, PGAM, BAWFM, Bank Medici, Bank Austria Cayman Islands, and several persons affiliated with UniCredit S.p.A. and BA seeking, as against these and other defendants, to recover amounts to be determined at trial. The complaint alleges that BA is liable as an initial transferee for certain avoidable transfers received from BLMIS and that BA and other UniCredit S.p.A.-affiliated defendants are liable as subsequent transferees for transfers of funds originating from BLMIS.

The complaint further alleges that all defendants were unjustly enriched by the receipt of moneys from BMIS, that they obtained and intentionally exercised control over stolen customer property as a result of their dealings with BMIS, and that they violated the Racketeer Influenced and Corrupt Organizations Act (**RICO**) by allegedly participating in a plan to enrich themselves by feeding investors' money into Madoff's Ponzi scheme. The SIPA Trustee seeks treble damages under RICO (three times the reported net $19.6 billion losses allegedly suffered by all BMIS investors); alleged retrocession fees, management fees, custodial fees, and other such payments; compensatory, exemplary and punitive damages; and costs of suit.

These U.S. proceedings are in their initial stages. UniCredit and its affiliated defendants intend to defend these proceedings vigorously.

Proceedings were initiated in Austria related to Madoff's fraud in which BA and Bank Privat AG (a former subsidiary of BA, with which it merged on 29 October 2009), among others, were named as defendants. The parties invested in funds that, in turn, invested directly or indirectly in BMIS. BA is also the subject of proceedings in Austria following the complaint filed by the Supervisory Authority for Austrian financial markets with the Austrian Attorney's Office and complaints filed to said Attorney's Office by private parties that invested in funds which, in turn, invested directly or indirectly in BMIS. The parties that filed said complaints maintain that BA violated, among others, the terms of the Austrian Consolidated Investment Act that governs the role of BA as "auditor of the prospectus" of Primeo funds.

UniCredit and several of its subsidiaries have received orders and requests to produce information and documents from the SEC, the U.S. Department of Justice and the SIPA Trustee in the United States, the Austrian Supervisory Authority for financial markets, the Irish Supervisory Authority for financial markets and BaFin in Germany related to their respective investigations into Madoff's fraud.

A Chilean investor in Primeo-linked notes has filed a complaint with the Chilean prosecutor. The case is at an investigative phase only. No indictments have been issued. Written questions have been addressed to seven Pioneer/UniCredit employees/former employees.

In addition to proceedings stemming from the Madoff case against UniCredit S.p.A., its subsidiaries and some of their respective employees and former employees, additional actions have been threatened and may be filed in the future in said countries or in other countries by private investors or local authorities. The pending or future actions may have negative consequences for the UniCredit Group.

UniCredit and its subsidiaries intend to defend themselves vigorously against the Madoff-related claims and charges.

At the time being it is not possible to reliably estimate the timing and results of the various actions, nor determine the level of responsibility, if any responsibility exists. Presently, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff disputes.

Actions initiated against UniCredit S.p.A., its former Chief Executive Officer and the former Chief Executive Officer of HVB.
In July 2007, eight hedge funds (followed by various minority shareholders of HVB) submitted a writ of summons to the Regional Court of Munich for compensation for damages allegedly suffered by HVB as a consequence of certain transactions regarding the transfer of equity investments and business lines from HVB (after its entry into UniCredit Group) to UniCredit S.p.A. or other UniCredit Group companies (and vice versa). In addition, they argue that the HVB reorganisation costs should be borne by UniCredit S.p.A.

The defendants in the lawsuit are UniCredit S.p.A., its former Chief Executive Officer, Alessandro Profumo, and the former Chief Executive Officer of HVB, Wolfgang Sprissler.

The claimants are seeking: (i) damages in the amount of €17.35 billion, plus interest; and (ii) that the Munich Court order UniCredit S.p.A. to pay HVB's minority shareholders appropriate compensation in the form of a guaranteed regular dividend from 19 November 2005 onwards.
The defendants lodged their defence pleas with the Regional Court of Munich on 25 February 2008.

Furthermore, another minority shareholder of HVB, Verbraucherzentrale fur Kapitanleger (VzfK), which already owned a non-significant shareholding in the company's capital, started substantially similar legal proceedings against UniCredit S.p.A., its former Managing Director, Alessandro Profumo and the then Managing Director of HVB, Wolfang Sprissler (for an amount equal to €173.5 million plus interest). On 29 July 2009 the Regional Court of Munich combined these proceedings with the proceedings brought by the hedge funds.

The first court hearing took place on 10 December 2009.

On 18 June 2010, the Regional Court of Munich suspended the proceedings until a final decision is made on the validity of the appointment and subsequent removal of the Special Representative (see below). But , on 21 October 2010, the Munich Court of Appeals overturned that decision, thus the Hedgefonds action will continue.

The defendants, while aware of the risks that any such suit inevitably entails, are of the opinion that the claims are groundless, given that all of the transactions referred to by the claimants were carried out on payment of consideration which was held to be fair on the basis of third-party advisors' opinions. As such, no provision has been made.

Special Representative

On 27 June 2007, the HVB annual Shareholders' Meeting passed a resolution for a claim of damages against UniCredit S.p.A., its legal representatives, and (former) members of HVB's management board and supervisory board, citing damages to HVB due to the sale of its equity investment in BA (as defined below) and the Business Combination Agreement (BCA) entered into with UniCredit S.p.A. during the integration process. The attorney Thomas Heidel was appointed as Special Representative (the Special Representative) by a shareholders' resolution voted on by the minority shareholders with the task of verifying if there are sufficient grounds to move forward with this claim. To this end, the Special Representative was granted the authority to examine documents and obtain further information from HVB.

UniCredit, now HVB's sole shareholder, has challenged that resolution in court and the challenge has been partially granted. This ruling has been challenged by both claimants and defendant before the German Federal Supreme Court. A final decision has not yet been issued.

Based on his investigations within HVB, in December 2007, the Special Representative asked UniCredit S.p.A. to restore the purchased BA shares to HVB.

In January 2008, UniCredit S.p.A. replied to the Special Representative, stating that, in its view, such a request was unfounded.
On 20 February 2008, Attorney Heidel, acting as Special Representative, filed a petition against UniCredit S.p.A., its former Managing Director, Alessandro Profumo, the former Managing Director of HVB, Wolfgang Sprissler and HVB's former Chief Financial Officer, Rolf Friedhofen, requiring the defendants to return the BA shares to HVB along with compensation to HVB for any additional losses in the matter or, if this petition is not granted by the Munich Court, to pay €13.9 billion in damages.

On 10 July 2008, Attorney Heidel filed and gave notice of an amendment to the petition. In it he asked that UniCredit S.p.A., its former Managing Director, and HVB's former Managing Director and former Chief Financial Officer be ordered to return the additional amount of €2.98 billion (plus interest) in addition to damages that may result from the capital increase resolved by HVB in April 2007 following the transfer of the banking business of the former UBM to HVB. Specifically, the Special Representative asserted that the transfer was overvalued and that auditing rules were violated.

Since it is doubtful that the amendment of the Special Representative's petition is within his powers as authorised by the resolution of the HVB Shareholders' Meeting in June 2007, UniCredit S.p.A. considers the claimant's claims to be unfounded, partly in consideration of the fact that both the sale of BA and the transfer of the operations of the former UBM during the HVB capital increase were carried out on the basis of independent assessments (fairness opinions and valuation reports) of well-known external auditors and investment banks. Therefore, UniCredit S.p.A. has not made any provisions in relation to these proceedings.

On 10 November 2008, an extraordinary meeting of HVB shareholders was held and resolved to revoke the resolution of 27 June 2007. Consequently, Attorney Heidel was removed as HVB's Special Representative and no longer has the authority to prosecute the actions brought against UniCredit S.p.A., its officers, or HVB's officers, unless the resolution is declared null or ineffective. In particular, the removal prevents the Special Representative from continuing his petition for damages, which, moreover, will not disappear automatically, but rather only if a decision in this matter is made by HVB's supervisory board (against Wolfgang Sprissler and Rolf Friedhofen) and the management board (against UniCredit S.p.A. and its former Managing Director). HVB's statutory bodies, with the assistance of external consultants, initiated a review of this complex matter to make the related decisions under their authority.

The removal of the Special Representative was contested by Attorney Heidel and by a minority shareholder. On 27 August 2009, the Regional Court of Munich declared the Special Representative's removal null. HVB appealed against that decision and, on 3 March 2010, the Regional High Court of Munich granted the appeal overturning the decision of Regional Court of Munich. The decision is not final.

Part B - Balance Sheet - Liabilities (Continued)

On 2 June 2009, the Regional Court of Munich decided to suspend arguments on the Special Representative's petition until a final decision is made on the validity of the appointment and subsequent removal of the Special Representative.

The Special Representative submitted a request to review the suspension measure of the petition. Following the Special Representative's removal, HVB withdrew this request. The Regional Court of Munich has not yet issued a decision regarding the Special Representative's request and the validity of HVB's withdrawal of the request. The same first instance judge will review and if, as expected, the judge does not reverse his decision, the Regional High Court will decide on the correctness of the suspension measure.

Cirio

In April 2004, the extraordinary administration of Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) served notice on Sergio Cragnotti and various banks, including Capitalia S.p.A. (absorbed by UniCredit S.p.A.) and Banca di Roma S.p.A. (absorbed by UniCredit S.p.A.), of a petition to obtain judgment declaring the invalidity of an allegedly illegal agreement with Cirio S.p.A. regarding the sale of the dairy company Eurolat to Dalmata S.r.l. (**Parmalat**). The extraordinary administration subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. be found jointly liable to reimburse a sum of €168 million and that all defendants be found jointly liable to pay damages of €474 million.

Furthermore, the extraordinary administration requested, should the above fail, the revocation of the deeds of settlement made by Cirio S.p.A. and/or repayment by the banks of the amount paid for the agreement in question, on the grounds of undue profiteering, pursuant to Article 2901 of the Italian Civil Code.

In May 2007, the case was retained for the judge's ruling. No preliminary investigation was conducted. In February 2008, an unexpected ruling by the Court of Rome ordered Capitalia S.p.A. (currently UniCredit S.p.A.) and Sergio Cragnotti to pay €223.3 million plus currency appreciation and interest from 1999. UniCredit S.p.A. has appealed the sentence, requesting the suspension of the execution of the lower court's judgment. The Rome Court of Appeals, with a ruling issued on 17 March 2009, suspended the execution of the lower court's judgment.

The next hearing is scheduled on 11 November 2014.

In order to oversee such risks, provisions were made for an amount considered congruous to the current risk of the proceedings.

*****

In April 2007, certain Cirio group companies in administration filed a petition against Capitalia S.p.A. (now UniCredit S.p.A.), Banca di Roma S.p.A., UBM (now UniCredit S.p.A.) and other banks for compensation of damages resulting from their role as arrangers of bond issues by Cirio group companies, although, according to the claimants, they were already insolvent at the time. Damages were quantified as follows:
- the damages incurred by the petitioners due to a worsening of their financial condition were calculated within a range of €421.6 million to €2.082 billion (depending upon the criteria applied);
- the damages incurred because of the fees paid to the lead managers for bond placements were calculated at a total of €9.8 million;
- the damages, to be determined during the proceedings, incurred by Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.), for losses related to the infeasibility of recovering, through post-bankruptcy clawback, at least the amount used between 1999 and 2000 to cover the debt exposure of some of the Cirio group companies,

plus interest and currency revaluation from the date owed to the date of payment.

In the ruling of 3 November 2009 the judge denied the claimants' claim that the companies of the Cirio group in extraordinary administration be held jointly liable for reimbursement of legal expenses, in favour of the defendant banks.

The extraordinary administration has appealed against the ruling.

UniCredit S.p.A., having considered the opinion of its defence counsel, believes the action to be groundless. Accordingly no provisions have been made.

International Industrial Participations Holding IIP N.V.

On 30 October 2007, International Industrial Participations Holding IIP N.V. (formerly Cragnotti & Partners Capital Investment N.V.) and Sergio Cragnotti brought a civil action against UniCredit S.p.A. (as the successor to Capitalia S.p.A.) and Banca di Roma S.p.A. for alleged direct damages and loss of profit quantified at €135 million claiming:
- primarily, the breach of contractual obligations of financial assistance previously assumed in favour of Cragnotti & Partners Capital Investment N.V., Sergio Cragnotti, Cirio Finanziaria S.p.A. and the Cirio group, which resulted in its insolvency;
- secondarily, the illegitimate refusal by the defendants to provide Cirio Finanziaria S.p.A. and the Cirio group with the financial assistance necessary to repay a bond expiring on 6 November 2002, on the basis that the defendants were allegedly not acting properly and in good faith.

Following the recent reorganisation of UniCredit Group, without prejudice to the legitimation of UniCredit S.p.A. as the defendant, the question in law, previously attributable to Banca di Roma S.p.A. was transferred to UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.).

Recently the plaintiffs communicated the intent to abandon the case setting off costs.

The defendants believe the claimant's claim in this action is completely groundless and, as a result, no provisions have been made at present.

Gruppo Fratelli Costanzo

The companies of the Costanzo group, originally controlled by the Costanzo family, have been under extraordinary administration since 1996. In February 2006, several representatives of the Costanzo family brought suit for damages against the extraordinary administration and the Ministry of Production alleging poor management of the companies in the group. The claimants also sued the members of the Supervisory Committee, of which the subsidiaries IRFIS S.p.A. and Banca di Roma S.p.A. (now UniCredit S.p.A.) were members, alleging omissions in oversight. The total claim amounts to about €2.04 billion.

As a result of the Catania Court's declaration of lack of jurisdiction, the case was brought again before the Regional Administrative Court of Lazio – Rome in November 2009.

To obtain a declaration of lack of territorial jurisdiction on the part of the Regional Administrative Court of Lazio – Rome and, on the other hand, the presence of jurisdiction on the part of the Regional Administrative Court (TAR) of Sicily – Catania, the company Fratelli Costanzo S.p.A in A.S. (under extraordinary administration) has appealed to the Supreme Court and the latter has determined the jurisdiction of the TAR Sicily - Catania.

The Bank reached an agreement with the Costanzo family settling all pending lawsuits.

Qui tam Complaint against Vanderbilt and other UniCredit Group companies

On 14 July 2008, claimants Frank Foy and his wife filed a complaint on behalf of the State of New Mexico seeking recovery of false claims for payment made upon the State in relation to certain investments made by the New Mexico Educational Retirement Board (**ERB**) and the State of New Mexico Investment Council (**SIC**) in Vanderbilt Financial LLC (**VF**), an indirect UniCredit S.p.A. investee company. The complaint states that Frank Foy was the Chief Investment Officer of ERB and that he submitted his resignation in March 2008.

The claimants have standing to sue on behalf of the State of New Mexico under the State qui tam statute, the New Mexico Fraud Against Taxpayers Act (**FATA**) and seek compensation for damages in an amount of USD 360 million which includes treble damages provided for by the statute). The claimants assert that the Vanderbilt defendants (see below) and the other defendants persuaded ERB and SIC to invest USD 90 million in Vanderbilt products (i) by knowingly providing false information on the nature and risk level of the VF investment and (ii) by guaranteeing improper contributions to then-Governor of the State of New Mexico, Bill Richardson, and other State officials, to convince them to make the investment. In addition to the entire initial investment of USD 90 million (as consequential damages), Foy requests an additional USD 30 million for loss of profit, which trebled brings the damages demand to USD360 million, plus attorneys fees, interest and other penalties.

Defendants include – *inter alia* – the following:
- Vanderbilt Capital Advisors, LLC (**VCA**), a wholly-owned indirect subsidiary of Pioneer Investment Management USA Inc. (**PIM US**);
- Vanderbilt Financial, LLC (**VF**), a special purpose vehicle in which PIM US has an 8 per cent. holding (VF has since been liquidated);
- Pioneer Investment Management USA Inc. (**PIM US**), a wholly-owned subsidiary of PGAM;
- Pioneer Global Asset Management S.p.A. (**PGAM**), a wholly-owned subsidiary of UniCredit S.p.A.;
- UniCredit S.p.A.;
- various directors and officers of VCA, VF and PIM US; and
- law firms, external auditors, investment banks and State of New Mexico officials.

At present, an assessment on the economic impact that may result from the proceedings is premature and thus no provisions have been made.

The complaint was originally served on the American companies, including VCA, PIM US (both part of UniCredit Group) and VF, and the natural persons called as defendants.

On 24 September 2009 UniCredit S.p.A. and on 17 December 2009 PGAM were also served.

All the defendants filed motions to dismiss on procedural and substantive grounds.

On 8 March 2010, the Foys filed a purported amended complaint seeking to add one additional claimant, several additional defendants, and over 50 additional claims. Foy also sought to put in issue other Vanderbilt CDOs in which the State of New Mexico public funds invested and which increased the claimed losses from USD 90 million to USD 243.5 million. The defendants have challenged whether the amended complaint was properly filed, and on 26 March 2010, the court ruled that it will not consider the amended complaint, and the defendants need not respond to it, until after the court has addressed the previously submitted motions to dismiss the original complaint.

On 28 April 2010, Judge Pfeffer issued an order dismissing all of the claims brought by the original complaint. The Judge had already expressed concerns that retroactive application of the New Mexico Qui Tam Statute ("FATA") would violate prohibitions against constitutional ex post facto protections, and this was the basis for his ruling dismissing all the FATA claims. The Judge also dismissed Foy's claims under the state Unfair Practices Act (**UPA**) on grounds that claims were based on securities transactions not within the scope of the protections offered by the UPA.

Part B - Balance Sheet - Liabilities (Continued)

In May 2010, Foy filed a package of seven motions requesting Judge Pfeffer to reconsider the dismissal on various grounds and, alternatively, requesting him to certify the legal question regarding the retroactive application of FATA for an interlocutory appeal to the New Mexico State Appeals Court. The Vanderbilt defendants and the other defendants filed oppositions to all of these motions, and asked the Court to strike the amended complaint and dispose of the entire case. On 2 September 2010, Judge Pfeffer issued his decisions. He certified the legal question for interlocutory appeal, but ordered the claimant to strip the amended complaint of all allegations that were inconsistent with his rulings that FATA could not be applied retroactively and that no claims survived under the UPA.

Foy filed a request for interlocutory review with the New Mexico Court of Appeals on 16 September 2010 and the revisions to the amended complaint with the lower court on 17 September 2010. The defendants opposed the request for interlocutory appeal. On October 21st, the NM Court of Appeals refused Foy's request for an interlocutory appeal. The parties are awaiting the lower court's decision on dismissal of the remaining claims.

Moreover, in January 2010, a purported class or derivative action entitled Donna J. Hill v. Vanderbilt Capital Advisors, LLC, et al., was filed in the state court in Santa Fe, New Mexico. the lead claimant, a beneficiary of the New Mexico Educational Retirement Fund (the **Fund**), seeks to recover on behalf of the Fund or its plan participants the money that the Fund lost on its investment in Vanderbilt Financial, LLC (**VF**).

In February 2010, a parallel case by another plan participant, entitled Michael J. Hammes v. Vanderbilt Capital Advisors, LLC, et al., was filed in the same court making virtually identical allegations. The Hill and Hammes cases make factual allegations similar to those asserted in the Foy case, but they bring their claims under common law theories of fraud, breach of fiduciary duty (against the Educational Retirement Board (**ERB**) members), and aiding and abetting breaches of duty by those board members.

The Hill and Hammes cases originally named VCA, VF, PIM US and various current or former officers and directors of VCA, VF and/or PIM; several current or former ERB board members; and other parties unconnected to Vanderbilt. Neither PGAM nor UniCredit were named as defendants in these cases. In February 2010, the Hill case was removed by one of the ERB board member defendants to the United States District Court for the District of New Mexico. Subsequently, the deadline for defendants to respond was indefinitely extended in the Hammes case by agreement of the parties. Hammes remains in state court. In addition, the Hill claimants' agreed to dismiss from the case, without prejudice (so reinstatement is possible), PIM US and the individual officers named as defendants. Neither the Hill nor Hammes complaint specifies the amount of damages claimed, but the total invested by the ERB in VF was USD 40 million; moreover this amount is subsumed within the damages claimed in the Foy lawsuit. On 31 August 2010 the Vanderbilt defendants filed a motion to dismiss all of the claims in Hill. Claimants opposed the motion, and a hearing was held in NM federal district court on October 29th. The parties are awaiting the court's decision.

Divania S.r.l.

In the first half of 2007, Divania S.r.l. filed a suit against UniCredit Banca d'Impresa S.p.A. (then redenominated UniCredit Corporate Banking S.p.A. and, following the implementation of the One4C project, merged into UniCredit S.p.A.) contesting the violations of the law and regulations (relevant, amongst other things, to financial products) with reference to the operations in rate and currency derivative transactions created between January 2000 and May 2005 by Credito Italiano S.p.A. initially, and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.), for a total of 206 contracts.

The petition, which requests that the contracts be declared inexistent, or failing that, null and void or to be cancelled or terminated and that UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.) be found liable to pay a total of €276.6 million as well as legal fees and interest, was served on 26 March 2007 in the Court of Bari as part of the new corporate procedure. An expert witness report was requested in the fall of 2008.
In April 2010 the expert submitted its report. The report broadly confirms the facts as represented by the defendant, stating that there was a loss on derivatives amounting to about €6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the claimant, be adjudicated illegitimate and thus null and void). The expert opinion states that interest should be added in an amount between €4,137,000 (contractual rate) and €868,000 (legal rate).

UniCredit S.p.A. considers the claimed amount to be disproportionate to the actual litigation risk, as the amount claimed was calculated by adding all debit entries made (for an amount much larger than the actual amount), without including the credits that very significantly reduce the claimant's demands. Furthermore, a settlement had been reached, and signed on 8 June 2005, for the contested transactions, under which Divania S.r.l stated that it would no longer make any claim, for any reason, for the transactions now being disputed. The petition calls into question the validity of the transaction, arguing that the settlement is null and void given the alleged illegitimacy of the transactions in question. UniCredit S.p.A. believes that, notwithstanding the foregoing, were it to be found liable the maximum amount of its liability would be approximately €4 million, equivalent to the sum that was debited to the claimant's account at the time of the transaction. For this reason, a provision has been made for an amount consistent with the lawsuit risk.

On 21 September 2009, Divania S.r.l. served an additional and separate petition to UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.) at the Court of Bari, requesting compensation for damages allegedly incurred, amounting to €68.9 million, contesting the violations of the law and regulations (relevant, amongst other things, to financial products) as a result of UniCredit Corporate Banking S.p.A.'s alleged behaviour in relation to the derivative transactions in question, and, more generally, the alleged behaviour in regards to the customer. The suit is closely linked to the one already pending.

This petition is considered to be without grounds and therefore no provisions have been made at present.

Acquisition of Cerruti Holding Company S.p.A. by Fin.Part S.p.A.

At the beginning of August 2008, the receivership of Fin.Part S.p.A. (Fin.Part) brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A. (now UniCredit S.p.A.), UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.) and one other bank not belonging to the UniCredit Group for contractual and tort liability.

Fin.Part's claim against each of the defendant banks, jointly and severally or alternatively, each to the extent applicable, is for compensation for damages allegedly suffered by Fin.Part and its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. (**Cerruti**).

The action contests the legality of the conduct of the defendant banks, acting in concert, during the years 2000 and 2001 for the acquisition of the fashion sector of the Cerruti 1881 group, by means of a complex financial transaction focused specifically on the issue of a bond for €200 million by a special purpose vehicle in Luxembourg (C Finance S.A.).

The receivership maintains that Fin.Part was not able to absorb the acquisition of Cerruti with its own funds, and that the financial obligations connected with the bond payment brought about the bankruptcy of the company.

Therefore, the receivership is requesting compensation for damages in the amount of €211 million, representing the difference between the liabilities (€341 million) and the assets (€130 million) of the bankruptcy estate, or such other amount as determined by the court. Furthermore, it is requested that the defendants return all of the amounts earned in fees, commissions and interest in relation to the fraudulent activities.
On 23 December 2008 the bankruptcy of C Finance S.A. filed its intervention in the case.

The receivership maintains that C Finance S.A. was insolvent at the time of its establishment, due to the issue of the bond and the transfer of proceeds to Fin.Part in exchange for assets with no value, and claims that the banks and their executives that contributed to devising and executing the transaction caused C Finance S.A. to be insolvent.

The claimant requested that the defendant banks compensate the receivership for damages as follows: a) the total bankruptcy liabilities (€308.1 million); or, alternatively, b) the amounts disbursed by C Finance S.A. to Fin.Part and Fin.Part International (€193 million); or, alternatively, c) the amount collected by UniCredit S.p.A. (€123.4 million).

The banks are also requested to pay damages for the amounts collected (equivalent to €123.4 million, plus €1.1 million in fees and commissions) for the alleged invalidity and illegality of the transaction in question and the payment of Fin.Part's debts to UniCredit S.p.A. using the proceeds from the C Finance S.A. bond issue. In addition, the claimant alleges that the transaction was a means for evading Italian law regarding limits and procedures for bond issues.

In January 2009, the judge rejected the writ of attachment for the defendant not belonging to UniCredit Group.
On 9 June 2009, the deed of appearance and reply was submitted for UniCredit S.p.A.
On 5 October 2009 and on 12 January 2010 the parties appeared in person for settlement proceedings. The settlement proceedings were unproductive due to the divergence of the parties' positions.

On 3 June 2010, the Court rejected all of the preliminary evidentiary proceedings and adjourned the hearing for the conclusions to 28 June 2011.
In addition, on 2 October 2009, the receivership of Fin.Part subpoenaed in the Court of Milan UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.), as the successor to the former Credito Italiano, in order that (i) the invalidity of the "payment" of €46 million made in September 2001 by Fin.Part to the former Credito Italiano be recognised and consequently, (ii) the defendant be sentenced to return such amount in that it relates to an exposure granted by the bank as part of the complex financial transaction under dispute in the prior proceedings.

UniCredit S.p.A, on the basis, inter alia, of the information supplied by their legal counsel, believes the claims are groundless and/or lacking in an evidentiary basis. Provisions have been made for an amount considered adequate to cover the costs.

Doddato Federico & C. Srl and Mr. Doddato Giuseppe

The company Doddato Federico & C. a r.l. and Doddato Giuseppe filed a suit against Banca di Roma S.p.A. (now UniCredit) in November 1998 to obtain compensation in the form of damages in the amount of approximately Euro 150 million in addition to interest, costs and monetary adjustment. The claimants contested the alleged illicit behavior of Banca di Roma S.p.A. in relation to an overdraft on cancellation of an account. The amount claimed was quantified only at the final pleadings stage.

On 17 January 2009 the Court rejected the claimant's request, declaring that the suit was groundless.

In March 2010, the company Doddato Federico & C. a r.l. appealed the decision seeking damages in an increased amount of approximately Euro 250 million.

On 24 April 2010 UniCredit S.p.A. appeared in court and the court adjourned the hearing for the conclusions to 7 March 2011.

UniCredit considers the claim to be groundless and, considering the favourable first instance ruling, no provisions have been made.

Part B - Balance Sheet - Liabilities (Continued)

Seanox Oil P.T.
In 2004, Seanox Oil P.T., with registered office in Jakarta, made a decision to liquidate (through Branch 26 in Milan of the former Banca di Roma S.p.A.) two certificates of deposit that were apparently issued by UBS for a total amount of USD 500 million (USD 300 million and USD 200 million).

Seanox Oil P.T. instituted proceedings against the former Banca di Roma S.p.A., claiming it had suffered unjust loss as a result of the alleged illicit delivery to UBS Bank of Zurich of one of the certificates (specifically, the certificate with a face value of USD 200 million), which having proved to be false, was withdrawn by UBS Zurich.

Accordingly, the claimant requested compensation for damages for the notional value of the certificate of deposit held by UBS, or USD 200 million, equivalent to €158 million.

The defendant bank appeared in court to dispute the reconstruction of events and requested that the petition be wholly rejected in that it is unfounded in law and in fact. Following a number of recent restructuring transactions by the UniCredit Group, the disputed right behind the case was transferred to UniCredit Banca S.p.A. (now UniCredit S.p.A.).

In the hearing on 18 November 2009, UniCredit Banca S.p.A.'s legal counsel provided evidence before the court that the certificate at issue had been found to be false in a different legal proceeding. The outcome of the 18 November 2009 hearing was that the Court rejected all of the preliminary evidentiary proceedings and adjourned the hearing to next year for for the conclusions to 2 February 2011.

For this reason, a provision has been made for an amount consistent with the risk of the lawsuit.

Mario Malavolta
In July 2009, Mr. Mario Malavolta, on his own behalf and as legal counsel and director of Malavolta Corporate S.p.A. and its subsidiaries and associates, sued UniCredit S.p.A. for compensation for damages (approximately €135 million) allegedly due to illicit behaviour on the part of UniCredit S.p.A. Furthermore, the petitioner claimed improper application of interest on its current accounts held by the aforementioned company.

UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.), which was the Group company responsible for the behaviour alleged by the petitioner to be illicit, subsequently joined the defence of the action as an additional defendant.

The petitioner disputes the conduct by the defendant during the period 2006-2007, maintaining that improper involvement by the bank in the decision-making processes of Malavolta group companies allegedly prevented the restructuring processes and caused significant financial burden (currently the companies of Malavolta group are insolvent and subject to bankruptcy proceedings).

Mr. Malavolta claims that the facts and circumstances described above also allegedly resulted in significant damages to him in his role as shareholder and director of Malavolta Corporate S.p.A. and its subsidiaries.

As a preliminary defence, UniCredit has claimed that the claimant lacks standing and interest in the matter. On the merits, as a subordinate alternative, it has claimed that the complaints lack grounds, are excessively broad and are not supported by the documents produced on the record.

Mr. Malavolta filed a petition as director of Malavolta Corporate S.p.A. and its subsidiaries and affiliates on 3 February 2010 to join the suit he had commenced in July 2009 and requesting additional compensation, for damages totalling about €445 million. UniCredit has filed a brief opposing the petition to join the case and contested the claims of the claimant.

The receivership of Malavolta Corporate S.p.A. has also filed a petition making the same claims as Mr. Malavolta and filing a motion to dismiss the claim brought by the company "represented by M. Malavolta". The receivership defined his charges against UniCredit and limited the amount claimed to €20 million.

On 2 September 2010, the Court rejected all of the preliminary evidentiary proceedings and adjourned the hearing for the conclusions to 22 December 2011.

UniCredit believes the claims are groundless and/or lacking in an evidentiary basis, consequently no provisions have been made at present.

I.CO.PO.DE.SO Srl and Pietro Montanari
The company I.CO.PO.DE.SO Srl and its legal representative Mr. Pietro Montanari, on his behalf, brought suit against UniCredit S.p.A. on 10 February 2010 to obtain compensation in the form of damages in the amount of about €133 million in addition to interest and monetary adjustment. The first hearing for appearances, originally set for 25 May 2010 before the Court of Rome, has been postponed to 11 March 2011.

The claimants claim that Cassa di Risparmio di Roma (**C.R.R.**, now UniCredit), by a series of acts and by conduct (between the end of the 1970s and the beginning of the 1980s) allegedly caused the bankruptcy of I.CO.PO.DE.SO Srl, causing the claimants to incur extremely significant damages in the form of material losses and loss of reputation.

The claim is considered by UniCredit to be groundless and without legal basis. Consequently, given that the proceedings are at an early stage, no provisions have been made.

GBS S.p.A.

At the beginning of February 2008, General Broker Service S.p.A. (**GBS S.p.A.**) initiated arbitration proceedings against UniCredit S.p.A. aiming at declaring the behaviour of Capitalia S.p.A. and subsequently UniCredit S.p.A. illegitimate with regards to the insurance brokerage relationship in effect and allegedly deriving from the exclusive agreement signed in 1991, and furthermore to obtain compensation for damages suffered, originally estimated at €121.7 million, then increased to €197.1 million.

The 1991 agreement, which included an exclusivity right, was signed by GBS S.p.A. and the former Banca Popolare di Pescopagano e Brindisi. The bank, following the 1992 merger with Banca di Lucania, became Banca Mediterranea, which was incorporated in 2000 in Banca di Roma S.p.A., which then became Capitalia S.p.A. (currently UniCredit S.p.A.).

The brokerage relationship with GBS S.p.A., dating back to the 1991 contract, was then governed by (i) an insurance brokerage service agreement signed in 2003 between GBS S.p.A., AON S.p.A. and Capitalia S.p.A., whose validity was extended to May 2007, and (ii) a similar agreement signed in May 2007 between the aforementioned brokers and Capitalia Solutions S.p.A., on its own behalf and as proxy for the banks and in the interest of the companies of the former Capitalia Group, including the holding company.

In July 2007, Capitalia Solutions S.p.A., on behalf of the entire Capitalia Group, exercised its right of withdrawal from the contract in accordance with the terms of the contract (in which it is expressly recognised that, in the event of withdrawal, the banks/companies of the former Capitalia Group should not be obliged to pay the broker any amount for any reason).

At the request of GBS, an expert witness report was ordered, whose results, both in terms of method and calculations, have been disputed by UniCredit S.p.A.

In the decision issued on 18 November 2009, UniCredit S.p.A. was sentenced to pay GBS S.p.A. a total amount of €144 million, as well as legal costs and the costs of the expert opinion report. UniCredit S.p.A. determined that the decision ordered by the arbitrator was groundless, and lodged an appeal requesting a stay of execution.

On 8 July 2010 the Court granted a stay of execution in respect of amounts exceeding Euro 10 million. UniCredit S.p.A. paid such amount, pending the outcome of the appeal. The next hearing is scheduled for 7 June 2011.

Considering the development of the matter, a provision has been made for an amount consistent with what currently appears to be the potential risk resulting from the award issued.

ADDITIONAL RELEVANT INFORMATION

The following section sets out further pending proceedings against UniCredit S.p.A. that UniCredit considers relevant and which, at present, are not characterised by known economic demand or for which the economic request cannot be quantified

Voidance action challenging the transfer of shares of Bank Austria Creditanstalt AG (BA) held by HVB to UniCredit S.p.A. (Shareholders' Resolution of 25 October 2006)

Numerous minority shareholders of HVB have filed petitions challenging the resolutions adopted by HVB's Extraordinary Shareholders' Meeting of 25 October 2006 approving various Sale and Purchase Agreements (SPA) transferring the shares held by HVB in BA to UniCredit and the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga to BA and the transfer of the Vilnius and Tallin branches to AS UniCredit Bank Riga, asking the Court to declare these resolutions null and void. In the course of this proceeding, certain shareholders asked the Regional Court of Munich to state that the BCA, entered into between HVB and UniCredit S.p.A. should be regarded as a de facto domination agreement.

The shareholders filed a lawsuit contesting alleged deficiencies in the formalities relating to the convocation and conduct of the Extraordinary Shareholders' Meeting held 25 October 2006, and alleging that the sale price for the shares was inadequate.

In the judgment of 31 January 2008, the Court declared the resolutions passed at the Extraordinary Shareholders' Meeting of 25 October 2006 to be null and void for formal reasons. The Court did not express an opinion on the issue of the alleged inadequacy of the purchase price but expressed the opinion that the BCA entered into between UniCredit S.p.A. and HVB in June 2005 should have been submitted to HVB's Shareholders' Meeting as it represented a "concealed" domination agreement.

HVB filed an appeal against this judgment since it is believed that the provisions of the BCA would not actually be material with respect to the purchase and sale agreements submitted to the Extraordinary Shareholders' Meeting of 25 October 2006, and that the matter concerning valuation parameters would not have affected the purchase and sales agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination agreement, due in part to the fact that it specifically prevents entering into a domination agreement for five years following the purchase offer.

Part B - Balance Sheet - Liabilities (Continued)

The HVB shareholder resolution could only become null and void when the Court's decision becomes final. In light of the duration of the appeal phase, which is currently underway, as well as the ability to further challenge the second-instance judgment at the German Federal Court of Justice, UniCredit estimates that it will take between three and four years for the final decision to be issued.

Moreover, it should be noted that in using a legal tool recognised under German law, and pending the aforementioned proceedings, HVB asked the Shareholders' Meeting held on 29 and 30 July 2008 to reconfirm the resolutions that were passed by the Extraordinary Shareholders' Meeting of 25 October 2006 (so-called Confirmatory Resolutions) and contested. If passed, these resolutions would make the alleged improprieties irrelevant.

The Shareholders' Meeting approved these resolutions, which, however, were in turn challenged by several shareholders in August 2008. In February 2009, an additional resolution was adopted that confirmed the adopted resolutions.

In the judgment of 10 December 2009, the Court rejected the voidance action against the first confirmatory resolutions adopted on 29 and 30 July 2008. Appeals filed by several former shareholders against this judgment were rejected by Higher Regional Court of Munich on 22 December 2010. Such ruling is not yet final and binding.

In light of the above events, the appeal proceedings initiated by HVB against the judgment of 31 January 2008 were suspended until a final judgment is issued in relation to the confirmatory resolutions adopted by HVB's Shareholders' Meeting of 29 and 30 July 2008.

Squeeze-out of HVB minority shareholders (appraisal proceedings)

Approximately 300 former minority shareholders of HVB filed a request to revise the price obtained in the squeeze-out (appraisal proceedings). The dispute mainly concerns profiles regarding the valuation of HVB. UniCredit S.p.A. submitted its defence briefs on 23 July 2009. The first hearing took place on 15 April 2010. The proceedings are still pending.

Squeeze-out of Bank Austria's minority shareholders

After a settlement was reached on all legal challenges to the transaction in Austria, the resolution passed by the Bank Austria shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "golden shareholders") was recorded in the Vienna Business Register on 21 May 2008.

Accordingly, UniCredit S.p.A. became the owner of 99.995 per cent. of the Austrian bank's share capital with the resulting obligation to pay minority shareholders a total amount of €1,045 million, including interest accrued on the squeeze-out, in accordance with local laws.

The minority shareholders received the squeeze-out payment including the related interest.

Several shareholders have initiated proceedings with the Commercial Court of Vienna claiming that the squeeze-out price was inadequate, and asking the Court to review the adequacy of the amount paid (appraisal proceedings).

UniCredit S.p.A. immediately challenged the competence of the Vienna Court but, on 12 March 2010, the Supreme Court confirmed the jurisdiction of the Commercial Court of Vienna.

Therefore, the proceedings before the Commercial Court of Vienna will deal with the case on the merits.

In addition to the judicial proceeding in front of the Commercial Court of Vienna, a minority shareholder initiated a parallel procedure before an Arbitral Tribunal at the same time. If the outcome is unfavourable for UniCredit S.p.A., a negative impact for the Group cannot be excluded.

Cirio and Parmalat criminal proceedings

Between the end of 2003 and the beginning of 2004, criminal investigations of some former Capitalia group (now UniCredit Group) officers and managers were conducted in relation to the insolvency of the Cirio group. The trials resulting from these investigations, related to the Cirio group's insolvency, involved the former Capitalia S.p.A. (now UniCredit S.p.A.), one of the lending banks of said group, and resulted in the certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.) being committed to trial.

Cirio S.p.A.'s extraordinary administration and several bondholders joined the criminal judgment as civil complainants without specifying damages claimed. UniCredit S.p.A., also as the universal successor of UniCredit Banca di Roma S.p.A., was cited as legally liable. The proceedings are in the discussion phase.

On 23 December 2010, UniCredit S.p.A. - without any admission of responsibility - proposed a settlement agreement to approximately 2,000 bondholders who joined the criminal judgment as civil complainants aimed at settling their non pecuniary damages.

The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

With respect to these proceedings, also on the basis of legal opinions, although there is a potential risk of civil liability for UniCredit S.p.A. due in part to the complexity of the facts alleged, it is at present not possible to reliably estimate the contingent liability, due to the lack of relevant elements.

With regard to the state of insolvency of the Parmalat group, from the end of 2003 to the end of 2005, investigations were also carried out on certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.), who had been committed for trial within the scope of three distinct criminal proceedings known as “Ciappazzi”, “Parmatour” and “Eurolat”.

Companies of the Parmalat group in extraordinary administration and numerous Parmalat bondholders are the claimants in the civil suits in the aforementioned proceedings. All of the civil claimants’ lawyers have reserved the right to quantify damages at the conclusion of the first instance trials.
In the “Ciappazzi” and “Parmatour” proceedings, several companies of the UniCredit Group have been cited as legally liable. The proceedings are in the discussion phase.

Upon execution of the settlement of 1 August 2008 between UniCredit Group and Parmalat S.p.A., and as Parmalat group companies are in extraordinary administration, all civil charges were either waived or revoked.

The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

On 11 June 2010, UniCredit reached an agreement with the Association of Parmalat Bondholders of the Sanpaolo IMI Group (the **Association**) aimed at settling, without any admission of responsibility, the civil claims brought against certain banks of the UniCredit Group by the approximately 32,000 Parmalat bondholders who are members of the Association. In October 2010 that agreement has been extended to the other bondholders who had joined the criminal proceedings as civil complainants (approximately 5,000).

For the Parmalat and Cirio cases provisions have been made for an amount consistent with what currently appears to be the potential risk of liability for UniCredit S.p.A. as legally liable.

Lehman
As is widely known, 2008 witnessed periods of considerable instability in financial markets involving all major markets, particularly those in the United States.

Several companies in the Lehman Brothers group were put into receivership in the countries in which they operated. Specifically, in the U.S., Lehman Brothers Holdings Inc., among others, was put into receivership, while in the Netherlands, Lehman Brothers Treasury Co. BV was put into receivership.

As a result, as at 31 December 2010, a certain number of complaints were received concerning transactions involving financial instruments issued by Lehman Brothers group companies or related to them. A careful review of these complaints is being conducted by the companies that received them. The number of pending cases as at 31 December 2010 is not considered material by the Issuer.

CODACONS Class action
With a petition served on 5 January 2010, CODACONS (Co-oordination of the associations for the defence of the environment and the protection of consumer rights), on behalf of one of its applicants, submitted a class action to the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) pursuant to article 140-bis of the Consumer Code (Legislative Decree no. 206 dated 6 September 2005). This action, which was brought for an amount of €1,250 (plus unspecified non-material damages), is based on the allegations of AGCM (the Italian Competition Authority), according to which Italian banks would have compensed for the abolition of maximum overdraft commission by introducing new and more costly commissions for clients. The applicant asked the Court of Rome to allow the action specifying the criteria for being included in the class action and setting a period of not more than 120 days within which the parties may join the class action. If the Court considers the class action admissible, the amount requested could significantly increase based on the number of adhesions of current account holders of UniCredit Banca di Roma who consider that they have suffered damages as a result of the behaviour at issue.

A hearing was scheduled for 23 September 2010 on the admissibility of the lawsuit, but in the meantime another class action (see below) was filed, together with a request to join the two actions. UniCredit S.p.A. will contest the request.

On 23 December 2010 the hearing of the case took place and the Court reserved its decision.

Another class action was filed on 9 August 2010 by CODACONS on behalf of one of its members, before the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) based on the same claims and asking for an amount of €1,110 (including non-material damages). The only difference between the two actions is that this claimant had a credit current account.

The first hearing, scheduled for 15 Novermber 2010, has been postponed. On 23 December 2010 the hearing of the case took place and the Court reserved its decision
UniCredit S.p.A. believes it has consistently operated in compliance with the law in relation to its commission policy.

Part B - Balance Sheet - Liabilities (Continued)

RELEVANT EVENTS OCCURRING AFTER 12.31.2010

Qui tam Complaint contro Vanderbilt LLC e altre società del Gruppo UniCredit

The parties were awaiting the lower court's decision on dismissal of the remaining claims. On February 7, 2011 the New Mexico State Court allowed Foy to proceed in the trial court on the remaining claims stated in Foy's amended complaint..

Cirio criminal proceedings

In March 2011 Cirio S.p.A.'s extraordinary administration filed its conclusions against all defendants and against UniCredit S.p.A. as legal liable – all the defendants jointly and severally – requesting damages in an amount of Euro 1,9 billions.

UniCredit believes the request is extortionate and groundless both in fact and law.

CODACONS Class actions

The Court of Rome, in two separate decisions issued in March 2011, granting UniCredit's motions, rejected the request to join filed by CODACONS and dismissed the two class actions.

TAX-RELATED OPERATING RISKS

The provision for tax-related operational risks was increased to €58 million as a result of further provisions of €19.6 million and €18.1 million to cover pending tax disputes. These provisions were applied by the merged banks following the One4C transaction.

The One4C transaction, as well as the mergers that occurred over time at various banks and companies, for which certain tax periods are still subject to assessments for VAT, direct taxes and other minor taxes, makes it necessary to consider the operational risks associated with this situation.

12.2 Provisions for risks and charges: annual changes

	CHANGES IN 2010		
	PENSIONS AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS	TOTAL
A. Opening balance	**878,846**	**379,284**	**1,258,130**
B. Increases	**59,015**	**908,540**	**967,555**
B.1 Provisions for the year (*)	12,721	205,156	217,877
B.2 Changes due to the passage of time	41,124	9,907	51,031
B.3 Differences due to discount-rate changes	-	4,188	4,188
B.4 Other increases	5,170	689,289	694,459
of which: business combinations	-	*673,530*	*673,530*
C. Decreases	**193,511**	**250,544**	**444,055**
C.1 Use during the year	84,755	224,014	308,769
C.2 Differences due to discount-rate changes	-	1,518	1,518
C.3 Other decreases	108,756	25,012	133,768
D. Closing balance (**)	**744,350**	**1,037,280**	**1,781,630**

(*) The amount of Pension and post-retirement benefit obligations includes tax and operating costs for €43 thousand concerning definited-contribution funds and includes Company's charges equal to €417 thousand. Other provisions are disclosed net of allocations of €18,878 thousand for a guarantee issued to Aspra Finance, following the sale of non-performing loans recognised in Other liabilities.

(**) Of which: Definited-benefit pension funds in the amount of €701,474 thousand.

In respect of Pensions and other post retirement benefit obligations, the Annexes provide details of Fund movements and include statements of changes in funds with segregated assets pursuant to article 2117 of the Italian Civil Code, as well as explanatory notes thereto.

Allocations to funds other than those with segregated assets are indiscriminately invested in asset items. Therefore, it is not possible to provide any statement of these funds.

12.3 Provisions for defined-benefit company pensions

1. DESCRIPTION OF THE FUNDS: PLEASE REFERTO THE SPECIFIC SECTION IN ANNEXES		
2. CHANGES IN PROVISIONS	12.31.2010	12.31.2009
Opening net defined-benefit obligations	**801,423**	**838,459**
Service cost	1,982	1,744
Cost of definited plans relating to previous employment	1,661	-
Finance cost	38,873	42,899
Actuarial gains (losses) recognised in the year	8,283	(914)
Gains (losses) on plans reduction or termination	2,251	-
Benefit paid	(78,041)	(82,565)
Other increases	1,313	1,802
Other reductions	(76,271)	(2)
Closing net defined-benefit obligations	**701,474**	**801,423**

3. CHANGES TO PLAN ASSETS AND OTHER INFORMATION	12.31.2010	12.31.2009
Opening fair value of plan assets	**38,536**	**35,143**
Expected return	1,783	1,855
Actuarial gains (losses)	2,002	(2,652)
Contribution paid by employer	14,115	5,135
Benefit paid	(1,257)	(3,427)
Other increases	1,174	2,482
Other reductions	(2,280)	-
Closing current value of plan assets	**54,073**	**38,536**

MAIN CATEGORIES OF PLAN ASSETS BY TYPE	12.31.2010	12.31.2009
1. Equities	7,976	6,702
2. Bonds	6,328	27,639
3. Property	333	7
4. Other assets	39,436	4,188
5. Investment funds	-	-
Total	**54,073**	**38,536**

4. RECONCILIATIONS OF PRESENT VALUES OF PROVISIONS TO PRESENT VALUE OF PLAN ASSETS AND TO ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET	12.31.2010 DEFINED BENEFIT PENSION PLANS	12.31.2009 DEFINED BENEFIT PENSION PLANS
Present value of funded defined benefit obligations	61,439	55,686
Present value of unfunded defined benefit obligations	788,027	836,672
Present value of plan assets	(54,073)	(38,536)
sub-total	**795,393**	**853,822**
Unrecognized actuarial gains (losses)	(93,919)	(52,399)
Net liability	**701,474**	**801,423**

RETURN ON PLAN ASSETS	12.31.2010	12.31.2009
Actuarial return on plan assets	1,781	1,855
Actuarial gain (loss) on plan assets	2,002	(2,652)
Actuarial return on plan assets	**3,783**	**(797)**

5. PRINCIPAL ACTUARIAL ASSUMPTIONS	12.31.2010	12.31.2009
Discount rate	4.46%	4.77%
Expected return on plan assets	5.03%	4.58%
Rate of increase in future compensation and vested rights	3.03%	3.02%
Rate of increase in pension obligations	2.07%	1.80%
Expected inflation rate	1.79%	2.04%

Part B - Balance Sheet - Liabilities (Continued)

6. COMPARATIVE DATA: TOTAL DEFINED-BENEFIT OBLIGATIONS	12.31.2010	12.31.2009
Present value of defined-benefit obligations	849,466	892,358
Plan assets	(54,073)	(38,536)
Plan surplus/(deficit)	795,393	853,822
Unrecognized actuarial gains (losses)	(93,919)	(52,399)
Net liability	**701,474**	**801,423**

12.4 Other provisions for risks and charges: other

	AMOUNTS AS AT	
ITEMS/COMPONENTS	12.31.2010	12.31.2009
Complaints, incidents and disputes	60,705	2,335
Guarantees and other risks from equity interests sold	28,888	27,571
Legal and tax litigation	116,042	20,322
Other provisions	78,075	60,088
Total	**283,710**	**110,316**

Section 13 - Redeemable shares - Item 140

Non ci sono dati da segnalare.

Section 14 - Shareholders' Equity - Items 130, 150, 160, 170, 180, 190 and 200

Further information about Shareholders' Equity are represented in Part F) Shareholders' Equity.

14.1 Share capital and treasury shares: breakdown

	AMOUNTS AS AT			
	12.31.2010		12.31.2009	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
A. Share Capital				
A.1 ordinary shares	9,636,671	-	8,377,750	-
A.2 savings shares	12,120	-	12,120	-
Total (A)	**9,648,791**	**-**	**8,389,870**	**-**
B. Treasury Shares				
B.1 ordinary shares	(2,440)	-	(2,440)	-
B.2 savings shares	-	-	-	-
Total (B)	**(2,440)**	**-**	**(2,440)**	**-**

At December 31, 2009 issued capital consisted of 16,755,500,045 ordinary shares and 24,238,983 savings shares, with a par value of €0.50 for both classes. It changed in 2010 following share issues of 2,517,842,895 ordinary shares, for the reasons given in the Presentation to Shareholders in the 2010 report on operations.

Issued capital thus increased from €8,389,870 thousand at the end 2009 to €9,648,791thousand at the end 2010 - an increase of €1,258,921 thousand, of which €1,258,444 thousand by scrip issue and €477 thousand by bonus issue drawing on the pre-established reserves - and now consists of 19,273,342,940 ordinary shares with a par value of €0.50 and 24,238,983 savings shares with the same par value.

Subscription of the scrip issue approved by the shareholders in extraordinary general meeting on November 16, 2009 also entailed recognition of a share premium of €2,740,893 thousand in Shareholders' Equity.

At end 2010 the quantity of treasury shares held was 476,000.

14.2 Capital Stock - number of shares: annual changes

ITEMS/TYPES	CHANGES IN 2010 ORDINARY	OTHER (SAVING)	TOTAL
A. Issued shares as at the beginning of the year	**16,755,500,045**	**24,238,983**	**16,779,739,028**
- fully paid	16,755,500,045	24,238,983	16,779,739,028
- not fully paid	-	-	-
A.1 Treasury shares (-)	(476,000)	-	(476,000)
A.2 Shares outstanding: opening balance	**16,755,024,045**	**24,238,983**	**16,779,263,028**
B. Increases	**2,517,842,895**	**-**	**2,517,842,895**
B.1 New issues	2,517,842,895	-	2,517,842,895
- against payment	2,516,889,453	-	2,516,889,453
- business combinations	-	-	-
- bonds converted	-	-	-
- warrants exercised	-	-	-
- other	2,516,889,453	-	2,516,889,453
- free	953,442	-	953,442
- to employees	953,442	-	953,442
- to directors	-	-	-
- other			-
B.2 Sales of treasury shares	-	-	-
B.3 Other changes	-	-	-
C. Decreases	**-**	**-**	**-**
C.1 Cancellation	-	-	-
C.2 Purchase of treasury shares	-	-	-
C.3 Business tranferred	-	-	-
C.4 Other changes	-	-	-
D. Shares outstanding: closing balance	**19,272,866,940**	**24,238,983**	**19,297,105,923**
D.1 Treasury Shares (+)	476,000	-	476,000
D.2 Shares outstanding as at the end of the year	19,273,342,940	24,238,983	19,297,581,923
- fully paid (*)	19,273,342,940	24,238,983	19,297,581,923
- not fully paid	-	-	-

(*) Ordinary shares include n.967,564,061 for which UniCredit holds the tight of usufruct. On these shares the voting right cannot be exercised.

14.3 Capital: other information

	12.31.2010	12.31.2009
Par value per share	0.50	0.50
Shares reserved for issue on exercise of options	-	-
Agreed sales of shares	-	-

14.4 Reserves from allocation of profit from previous years: other information

	AMOUNTS AS AT 12.31.2010	12.31.2009
Legal reserve	1,439,181	1,434,080
Statutory reserves	1,144,946	1,679,802
Other reserves	(1,221,306)	(1,251,636)
Total	**1,362,821**	**1,862,246**

Other reserves include reserves related to the changeover to IFRS, which is a negative amount of € 2,097,846 thousand.

In accordance with Section 2427, paragraph 7-bis, of the Italian Civil Code, the table below provides details on the origin, possible uses and availability of distribution of Shareholders' Equity, as well as the summary of its use in the three previous fiscal years.

Part B - Balance Sheet - Liabilities (Continued)

Breakdown of Shareholders' equity (with indication of availability for distribution)

ITEMS	AMOUNT	PERMITTED USES (*)	AVAILABLE PORTION	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS: TO COVER LOSSES	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS: OTHER REASONS
Share capital	**9,648,791**	-	-		
Share premium	**39,322,433**	A, B, C	39,322,433		
Reserves:	**7,663,632**				
legal reserve	1,439,181	B (1)	1,439,181		
reserve for treasury shares or interests	2,440	-	-		355,976 (4)
statutory reserves	1,144,946	A, B, C	1,144,946		2,327,922 (5)
reserves arising out of share swaps	511,210	A, B, C (2)	511,210		
reserves arising out of transfer of assets	477,090	A, B, C (2)	477,090		
reserves arising out of split-offs	4,972	A, B, C (2)	4,972		
reserves related to the medium-term incentive programme for Group staff	47,820	A	47,820		1,131 (6)
reserve related to equity-settled plans	208,215	-	-		
reserve related to business combinations (IFRS 3)	2,118,624	A, B, C	2,118,624		
reserve related to business combinations within the Group	4,096,911	A, B, C	4,096,911		
reserve arising out of transfers of assets within the Group under art. 58 Banking Law	(442,524)	A, B, C	(442,524)		
FTA reserve (related to changeover to IFRS)	(2,097,846)	(***)	(2,097,846)		
reserve arising out of sale of treasury shares	(585,530)	A, B, C	(585,530)		
reserve for allocating profits tio Shareholders through the issuance of new free shares	1,193,962	A, B, C	1,193,962		
reserve for capital increase costs	(439,135)	A, B, C	(439,135)		
ONE4C merger reserve	(33,808)	A, B, C	(33,808)		
ESOP share price reserve	(2,849)	A, B, C	(2,849)		
reserve pursuant to art. 6, paragraph 2 Lgislative Decree 38/2005	10,507	-	-		
other	9,446	A, B, C	9,446		
Revaluation reserves	**355,375**				
monetary equalisation reserve under L. 576/75	4,087	A, B, C (2)	4,087		
monetary revaluation reserve under L.72/83	84,658	A, B, C (2)	84,658		
asset revaluation reserve under L. 408/90	28,965	A, B, C (2)	28,965		
property revaluation reserve under L. 413/91	159,310	A, B, C (2)	159,310		
Available-for-sale					
financial assets	(164,379)	- (3)	-		
Cash-flow hedges	242,734	- (3)	-		
Total	**56,990,231**		**47,041,923**		
Portion not allowed in distribution (**)			**1,977,579**		
Remaining portion available for distribution (***)			**45,064,344**		

(*) A: for capital increase; B: to cover losses; C: distribution to shareholders
(**) Includes €490,578 thousand to be allocated to the legal reserve in order to reach one-fifth of company capital stock, pursuant to the procedures provided in the Articles of Association
(***) The portion available for distribution is net of negative reserves

(1) Available, to cover losses, only after use of other Reserves
(2) If this Reserve is used to cover losses, profits may not be distributed until this Reserve has been replenished or reduced by an equivalent amount
The reduction must be approved by the Extraordinary General Meeting disregarding sections 2 and 3 of Article 2455 of the Civil Code.
The Reserve, if it is not included in capital resources, may only be reduced in accordance with sections 2 and 3 of Article 2455 of the Civil Code.
(3) Reserve unavailable pursuant to article 6 of Legislative Decree no. 38/2005
(4) For the assignation to the share premium related to the sale of treasury shares
(5) Of which: €1,777,672 thousand and €550,250 thousand distributed among shareholders as 2007 and 2009 dividends.
(6) For a capital increase.

14.6 Other information

1. Guarantees and commitments

TRANSACTIONS	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
1) Financial guarantees given to:	**27,422,839**	**40,832,341**
a) Banks	17,341,082	34,367,205
b) Customers	10,081,757	6,465,136
2) Commercial guarantees given to:	**15,211,018**	**4,796,827**
a) Banks	1,681,263	4,459,413
b) Customers	13,529,755	337,414
3) Other irrevocable commitments to disburse funds:	**38,503,580**	**20,417,350**
a) Banks:	11,666,859	7,305,168
i) Usage certain	*11,224,847*	*7,136,718*
ii) Usage uncertain	*442,012*	*168,450*
b) Customers:	26,836,721	13,112,182
i) Usage certain	*1,801,581*	*9,117,751*
ii) Usage uncertain	*25,035,140*	*3,994,431*
4) Underlying obligations for credit derivatives: sale of protection	**412**	**211,166**
5) Assets used to guarantee others' obligations	**1,926**	**-**
6) Other commitments	**49,759**	**124**
Total	**81,189,534**	**66,257,808**

2. Assets used to guarantee own liabilities and commitments

PORTFOLIOS	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
1. Financial instruments held for trading	3,462,624	1,172,387
2. Financial instruments measured at fair value	1,022	-
3. Financial instruments available for sale	13,219,702	1,098,816
4. Financial instruments held to maturity	3,398,724	719,099
5. Loans and receivables with banks	1,448,352	9,931,213
6. Loans and receivables with customers	10,973,708	6,473
7. Property, plant and equipment	-	-

4. Asset management and trading on behalf of others

TYPE OF SERVICES	AMOUNTS AS AT 12.31.2010	AMOUNTS AS AT 12.31.2009
1. Trading of financial instruments on behalf of third party		
a) Purchases	-	-
1. Settled	-	-
2. Unsettled	-	-
b) Sales	-	-
1. Settled	-	-
2. Unsettled	-	-
2. Segregated accounts		
a) Individual	-	-
b) Collective	-	-
3. Custody and administration of securities	**-**	**-**
a) non-proprietary securities on deposit associated with custodian bank transactions (excluding segregated accounts)	-	-
1. Securities issued by the bank preparing the accounts	-	-
2. Other securities	-	-
b) Other non-proprietary securities on deposit (excluding segregated accounts)	150,979,916	330,360
1. Securities issued by the bank preparing the accounts	*34,865,831*	-
2. Other securities	*116,114,085*	*330,360*
c) Non-proprietary securities deposited with others	149,496,393	322,922
d) Investment and trading securities deposited with others	83,014,651	128,232,807
4. Other transactions	**8,007,392**	**266**

Part C - Income Statement

Part C - Income Statement (amounts in thousands of €)

Section 1 - Interest income and similar revenues - Item 10 and 20

1.1 Interest income and similar revenues: breakdown

	2010				
ITEMS/TYPE	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	2009
1. Financial assets held for trading	94,652	-	-	94,652	196,014
2. Available for sale financial assets	349,334	-	-	349,334	168,334
3. Held to maturity investments	67,617	-	-	67,617	158,814
4. Loans and receivables with banks	168,979	476,722	-	645,701	4,928,772
5. Loans and receivables with customers	181,832	7,674,068	-	7,855,900	911,800
6. Financial assets at fair value through profit or loss	556	95	-	651	883
7. Hedging derivatives	x	x	973,313	973,313	651,658
8. Other assets	x	x	25,260	25,260	26,100
Total	**862,970**	**8,150,885**	**998,573**	**10,012,428**	**7,042,375**

The interest accrued during the year on positions classified at 12.31.2010 as “impaired” amount to €409,454 thousand.

1.2-1.5 Interest income (expense) and similar revenues (charges): hedging differentials

ITEMS/TYPE	2010	2009
A. Positive differentials relating to hedging operations	3,014,113	2,729,418
B. Negative differentials relating to hedging operations	(2,040,800)	(2,077,760)
C. Net differentials (A-B)	**973,313**	**651,658**

1.3.1 Interest income from financial assets denominated in currency

INTEREST INCOME ON:	2010	2009
a) Assets denominated in currency	53,483	90,137

1.4 Interest expense and similar charges: breakdown

	2010				
ITEMS/TYPE	DEPOSITS	SECURITIES	OTHER TRANSACTIONS	TOTAL	2009
1. Deposits from Central banks	(16,529)	X	-	(16,529)	(86,070)
2. Deposits from banks	(545,822)	X	-	(545,822)	(3,314,797)
3. Deposits from customers	(1,093,447)	X	-	(1,093,447)	(175,784)
4. Debt securities in issue	X	(3,205,515)	-	(3,205,515)	(3,950,750)
5. Financial liabilities held for trading	-	(912)	(37,030)	(37,942)	(60,129)
6. Financial liabilities at fair value through profit or loss	(1,125)	-	-	(1,125)	-
7. Other liabilities and funds	X	X	(69,304)	(69,304)	(42,017)
8. Hedging derivatives	X	X	-	-	-
Total	**(1,656,923)**	**(3,206,427)**	**(106,334)**	**(4,969,684)**	**(7,629,547)**

1.6.1 Interest expense on liabilities denominated in currency

INTEREST EXPENSE ON:	2010	2009
a) Liabilities denominated in currency	(282,308)	(796,695)

Section 2 - Fee and commission income and expense - Item 40 and 50

2.1 Fee and commission income: breakdown

TYPE OF SERVICE/SECTORS	2010	2009
a) guarantees given	239,122	51,418
b) credit derivatives	-	-
c) management, brokerage and consultancy services:	1,321,150	5,577
1. securities trading	371	-
2. currency trading	99,037	3,257
3. portfolio management	-	-
3.1 individual	-	-
3.2 collective	-	-
4. custody and administration of securities	22,899	209
5. custodian bank	8	45
6. placement of securities	439,570	2
7. client instructions	119,437	-
8. advisory services	20,223	-
8.1 related to investments	20,223	-
8.2 related to financial structure	-	-
9. distribution of third party services	619,605	2,064
9.1. Segregated accounts	113,634	10
9.1.1. individual	113,634	10
9.1.2. collective	-	-
9.2. insurance products	493,606	1,660
9.3. Other products	12,365	394
d) collection and payment services	619,960	41,725
e) securitization servicing	32,878	6,277
f) factoring	-	-
g) tax collection services	-	-
h) management of multilateral trading facilities	-	-
i) management of current accounts	1,192,147	458
h) other services	333,012	15,014
Total	**3,738,269**	**120,469**

2.2 Fee and commission income by distribution channel

CHANNELS/SECTORS	2010	2009
a) through Group bank branches	**1,058,425**	**2,066**
1. portfolio management	-	-
2. placement of securities	438,820	2
3. others' products and services	619,605	2,064
b) off-site	**750**	**-**
1. portfolio management	-	-
2. placement of securities	750	-
3. others' products and services	-	-
c) other distribution channels	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. others' products and services	-	-
Total	**1,059,175**	**2,066**

Part C - Income Statement (CONTINUED)

2.3 Fee and commission expense: breakdown

TYPE OF SERVICES/SECTORS	2010	2009
a) guarantees received	(33,750)	(7,827)
b) credit derivatives	(95,279)	(35,833)
c) management, brokerage and consultancy services:	(66,326)	(20,477)
1. securities trading	(4,669)	(451)
2. currency trading	(2,525)	(1,792)
3. segregated accounts:	-	-
3.1. own portfolio	-	-
3.2. third party portfolio	-	-
4. custody and administration of securities	(41,103)	(18,234)
5. placement of securities	(364)	-
6. off-site distribution of securities, products and services	(17,665)	-
d) collection and payment services	(111,813)	(4,764)
e) other services	(118,204)	(5,688)
Total	**(425,372)**	**(74,589)**

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenue: breakdown

	2010		2009	
ITEMS/REVENUES	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	-	-	35	-
B. Available for sale financial assets	32,813	1,010	40,234	950
C. Financial assets at fair value through profit or loss	24	-	162	-
D. Investments	2,752,019	X	1,282,855	X
Total	**2,784,856**	**1,010**	**1,323,286**	**950**

	2010	2009
Total dividends and income from units in investments funds	**2,785,866**	**1,324,236**

Provided below is the composition of dividends on equity investments collected during 2009 and 2010.

Breakdown of dividends by shareholding

	2010	2009
UniCredit Bank AG	1,632,955	-
UniCredit Real Estate Società consortile per azioni	512,050	292,600
Pioneer Global Asset Management S.p.A.	189,909	320,824
UniCredit Bank Ireland P.l.c.	120,000	-
Bank Pekao S.A.	110,806	-
FinecoBank S.p.A.	39,408	72,753
UniCredit Credit Management Bank S.p.A.	39,282	27,591
Creditras Vita S.p.A.	27,000	24,000
UniCredit Factoring S.p.A.	22,637	-
Aviva S.p.A.	16,152	-
Mediobanca - Banca di Credito Finanziario S.p.A.	12,670	-
Banca Agricola Commerciale della R.S.M. S.p.A.	11,899	-
Creditras Assicurazioni S.p.A.	6,600	3,900
UniCredit Mediocredito Centrale S.p.A.	2,890	7,225
UniCredit (Suisse) Bank SA	2,549	-
Cordusio Società Fiduciaria per Azioni	2,500	-
BDR Roma Prima Ireland Ltd	1,334	1,267
I-Faber Società per Azioni	1,108	886
SOFIPA Società di Gestione del Risparmio (SGR) S.p.A.	216	-
Localmind S.p.A.	25	-
Sviluppo Globale GEIE	25	60
UniCredit Bulbank A.D.	4	-
UniCredit Corporate Banking S.p.A.	-	317,000
UniCredit Private Banking S.p.A.	-	83,538
Banco di Sicilia S.p.A.	-	65,772
UniCredit Banca di Roma S.p.A.	-	33,192
UniCredit International Bank (Luxembourg) S.A.	-	30,000
SIA-SSB S.p.A.	-	1,444
UniCredit Bancassurance Management & Administration Società consortile a responsabilità limitata	-	650
Sofigere Société par Actions Simplifiée	-	146
Società Gestione per il Realizzo S.p.A. (in liquidation)	-	7
Total	**2,752,019**	**1,282,855**

For the past year, the companies merged into UniCredit as part of the One4C transaction have not distributed dividends.

Part C - Income Statement (CONTINUED)

Section 4 - Gains and losses on financial assets and liabilities held for trading - Item 80

4.1 Gains and losses on financial assets and liabilities held for trading: breakdown

	2010				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets held for trading	**126**	**13,034**	**(10,718)**	**(57,010)**	**(54,568)**
1.1 Debt securities	126	12,959	(10,718)	(57,008)	(54,641)
1.2 Equity instruments	-	64	-	(2)	62
1.3 Units in investment funds	-	11	-	-	11
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**751**	**-**	**-**	**(14)**	**737**
2.1 Debt securities	751	-	-	(14)	737
2.2 Deposit	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**303,536**
4. Derivatives	**576,715**	**1,662,824**	**(792,636)**	**(1,685,354)**	**(521,843)**
4.1 Financial derivatives:	576,247	1,662,797	(792,168)	(1,685,354)	(521,870)
- on debt securities and interest rates	511,795	1,498,220	(584,124)	(1,521,852)	(95,961)
- on equity securities and share indices	38,671	154,210	(206,419)	(153,485)	(167,023)
- on currency and gold	X	X	X	X	(283,392)
- other	25,781	10,367	(1,625)	(10,017)	24,506
4.2 Credit derivatives	468	27	(468)	-	27
Total	**577,592**	**1,675,858**	**(803,354)**	**(1,742,378)**	**(272,138)**

The negative result derived mainly from derivatives transactions and in particular from the effect of some strategic transactions carried out, including (i) the acquisition of an option on UniCredit shares which accounted for -€88 million, (ii) a contract entered into with Bank Austria as a result of the commitments assumed by UniCredit S.p.A. at the time of the CAIB squeeze-out process for -€77 million. Added to these effects is the impact of the management of rate risk on securitization transactions (-€82 million) previously managed by the subsidiary UniCredit Family and Financing Bank.

Section 5 - Fair value adjustments in hedge accounting - Item 90

5.1 Fair value adjustments in hedge accounting: breakdown

PROFIT COMPONENT/VALUES	2010	2009
A. Gains on:		
A.1 Fair value hedging instruments	77,270	1,430,735
A.2 Hedged asset items (fair value)	197,679	346,858
A.3 Hedged liability items (fair value)	394,251	952,395
A.4 Cash-flow hedges	296	-
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**669,496**	**2,729,988**
B. Losses on:		
B.1 Fair value hedging instruments	(392,440)	(1,327,375)
B.2 Hedged asset items (fair value)	(100,449)	(11,626)
B.3 Hedged liability items (fair value)	(175,929)	(1,390,987)
B.4 Cash-flow hedges	-	-
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(668,818)**	**(2,729,988)**
C. Net profit from hedging activities (A – B)	**678**	**-**

Section 6 - Gains (losses) on disposals/repurchases - Item 100

6.1 Gains and losses on disposals/repurchases: breakdown

ITEMS/P&L ITEMS	2010 GAINS	2010 LOSSES	2010 NET PROFIT	2009 GAINS	2009 LOSSES	2009 NET PROFIT
Financial assets						
1. Loans and receivables with banks	16	(14)	2	28,869	(26,957)	1,912
2. Loans and receivables with customers	112,292	(10,230)	102,062	24,539	(20,534)	4,005
3. Available-for-sale financial assets	76,677	(6,358)	70,319	83,282	(9,440)	73,842
3.1 Debt securities	25,826	(1,518)	24,308	5,648	(1,146)	4,502
3.2 Equity instruments	18,873	-	18,873	67,963	-	67,963
3.3 Units in investment funds	31,978	(4,840)	27,138	9,671	(8,294)	1,377
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	-	-	-	113	(138)	(25)
Total assets	**188,985**	**(16,602)**	**172,383**	**136,803**	**(57,069)**	**79,734**
Financial liabilities						
1. Deposits with banks	-	-	-	-	-	-
2. Deposits with customers	-	-	-	-	-	-
3. Debt securities in issue	86,718	(13,755)	72,963	25,085	(48,385)	(23,300)
Total liabilities	**86,718**	**(13,755)**	**72,963**	**25,085**	**(48,385)**	**(23,300)**
Total financial assets and liabilities			**245,346**			**56,434**

The profits made during the year resulted mainly from (i) booking of a €98 million penalty in favor of the bank deriving from the early closing of two fixed-rate loans granted at the time to the subsidiary Aspra Finance; (ii) the disposal of November 1, 2023 Italian Treasury Bonds classified as Available for Sale for €21 million; (iii) the disposal of the equity investment Available for Sale in Atlantia for €18 million, the disposal of UCITS units for €27 million; and (iv) proceeds from the repurchase of own issues for €72 million, of which €54 million were associated with the repurchase of ABS securities.

Section 7 - Gains and losses on financial assets/liabilities at fair value through profit or loss - Item 110

7.1 Net change in financial assets and liabilities designated at fair value: breakdown

TRANSACTIONS/P&L ITEMS	2010 UNREALIZED PROFITS	2010 REALIZED PROFITS	2010 UNREALIZED LOSSES	2010 REALIZED LOSSES	2010 NET PROFIT
1. Financial assets	**10,799**	**10**	**(6,240)**	**(215)**	**4,354**
1.1 Debt securities	1	-	(32)	(215)	(246)
1.2 Equity securities	2,109	-	-	-	2,109
1.3 Units in investment funds	8,365	10	(6,208)	-	2,167
1.4 Loans	324	-	-	-	324
2. Financial liabilities	**681**	**-**	**-**	**-**	**681**
2.1 Debt securities	-		-	-	-
2.2 Deposits from banks	681	-	-	-	681
2.3 Deposits from customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Credit and financial derivatives	**-**	**-**	**-**	**-**	**-**
Total	**11,480**	**10**	**(6,240)**	**(215)**	**5,035**

The positive net result of €5 million is from net capital gains on strategic investments in mutual funds (€2 million) and from the valuation of the equity investment in Astrim (€2 million).

Part C - Income Statement (Continued)

Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans: breakdown

	2010								
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
TRANSACTIONS / P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	2009
A. Loans and receivables with banks	-	(267)	(17,500)	-	3,596	-	-	(14,171)	(2,448)
- Loans	-	(267)	(17,500)	-	3,596			(14,171)	(2,448)
- Debt securities	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	(943,372)	(3,472,190)	(837,305)	151,491	763,317	-	665,653	(3,672,406)	(34,832)
- Loans	(943,372)	(3,472,179)	(837,305)	151,491	763,317	-	665,258	(3,672,790)	(32,612)
- Debt securities	-	(11)	-	-	-	-	395	384	(2,220)
C. Total	**(943,372)**	**(3,472,457)**	**(854,805)**	**151,491**	**766,913**	**-**	**665,653**	**(3,686,577)**	**(37,280)**

8.2 Impairment losses on available for sale financial assets: breakdown

	2010					
	WRITE-DOWNS		WRITE-BACKS			
	SPECIFIC		SPECIFIC			
TRANSACTIONS / P&L ITEMS	WRITE-OFFS	OTHER	INTEREST	OTHER	TOTAL	2009
A. Debt securities	-	-	-	-	-	-
B. Equity instruments	-	(42,122)	X	X	(42,122)	(109,679)
C. Units in investment funds	-	(29,501)	X	-	(29,501)	(46,518)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**(71,623)**	**-**	**-**	**(71,623)**	**(156,197)**

8.4 Impairment losses on other financial transactions: breakdown

	2010								
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
TRANSACTIONS / P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	2009
A. Guarantees given	-	(10,968)	(91,638)	-	8,552	-	12,644	(81,410)	(50,148)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	4,100	-	-	4,100	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**(10,968)**	**(91,638)**	**-**	**12,652**	**-**	**12,644**	**(77,310)**	**(50,148)**

Columns "Write-backs - interest" in tables 8.1, 8.2 and 8.4 disclose any increases in the presumed recovery value arising from interest accrued in the year on the basis of the original effective interest rate used to calculate write-downs.

Section 9 - Administrative costs - Item 150

9.1 Payroll: breakdown

TYPE OF EXPENSE	2010	2009
1) Employees	**(3,768,651)**	**(561,320)**
a) Wages and salaries	(2,366,247)	(313,208)
b) Social charges	(626,793)	(59,209)
c) Severance pay	(212,476)	(33,248)
d) Social security costs	-	-
e) Allocation to employee severance pay provision	(61,991)	(4,359)
f) Provision for retirement payments and similar provisions:	(53,845)	(44,730)
- defined contribution	(797)	(1,001)
- defined benefit	(53,048)	(43,729)
g) Payments to external pension funds:	(109,009)	(10,481)
- defined contribution	(99,846)	(10,481)
- defined benefit	(9,163)	-
h) Costs related to share-based payments	3,129	(37,876)
i) Other employee benefits	(341,419)	(58,209)
2) Other staff in activity	**(19,500)**	**(17,069)**
3) Directors and Statutory auditors	**(15,017)**	**(6,859)**
4) Early retirement	**-**	**-**
5) Recoveries of payments for second employees to other companies	**48,923**	**60,109**
6) Refund of expensives for employees seconded to the company	**(60,517)**	**(42,113)**
Total	**(3,814,762)**	**(567,252)**

2010 **payroll** expense comprised:
- early retirement incentives under agreements signed as part of the One4C project: €159 million;
- reorganization costs relating to Capitalia totaling €22 million.

In the condensed income statement these items are included in *integration costs*.

Sub-Item (e) allocation to employee severance pay provision includes €5 million past service charges due to the effects of the agreements signed under the One4C project.

9.2 Average number of employees by category

STAFF AVERAGE NUMBER	2010	2009
a) Employees	**43,936**	**3,752**
1) Senior managers	1,267	469
2) Managers	21,826	2,045
3) Remaining staff	20,843	1,238
b) Other staff	**1,146**	**644**
Total	**45,082**	**4,396**

9.3 Defined benefit company pension funds: total cost

	2010	2009
Current service cost	(1,981)	(1,744)
Interest cost	(40,656)	(44,754)
Expected return on plan assets	1,783	1,855
Net actuarial gain/loss recognized in year	(10,532)	914
Past service cost	(1,662)	-
Gains/losses on curtailments and settlements	-	-
Total	**(53,048)**	**(43,729)**

Part C - Income Statement (Continued)

9.5 Other administrative expense: breakdown

ITEMS	2010	2009
1) Indirect taxes and duties	**(321,709)**	**(6,100)**
2) Miscellaneous costs and expenses	**(2,719,612)**	**(531,889)**
Advertising marketing and comunication	**(140,812)**	**(61,226)**
- advertising - campaigns & media	(19,213)	(4,407)
- advertising - point of sale communication & direct marketing	(12,962)	(1,751)
- advertising - promotional expenses	(2,312)	(385)
- advertising - market and comunication rsearches	(10,153)	(3,376)
- sponsorship	(75,863)	(41,349)
- entertainment and other expenses	(14,744)	(8,473)
- convention and internal communications	(5,565)	(1,485)
Expenses related to credit risk	**(175,639)**	**(38,626)**
- legal expenses to credit recovery	(61,916)	(14,591)
- credit information and inquiries	(26,582)	(166)
- credit recovery services	(87,141)	(23,869)
Expenses related to personnel	**(153,739)**	**(57,091)**
- personnel area services	(16,665)	(1,657)
- personnel training & recruiting	(29,283)	(9,080)
- travel expenses and car rentals	(76,309)	(31,501)
- premises rentals for personnel	(31,439)	(14,853)
- expenses for personnel financial advisors	(43)	-
Information comunication technology expenses	**(750,412)**	**(114,698)**
- lease of ICT equipment and software	(1,561)	(839)
- supply of small IT items	(2,791)	(60)
- ICT consumables (ICT)	(885)	(194)
- telephone, swift & data transmission (ICT)	(11,174)	(5,793)
- ICT service	(703,308)	(101,433)
- financial information providers	(17,233)	(6,193)
- repair and maintenance of ICT equipment	(13,460)	(186)
Consulting and professionals services	**(184,118)**	**(105,806)**
- technical consulting	(74,070)	(36,872)
- professional services	(8,773)	(5,238)
- management consulting	(30,445)	(28,752)
- legal and notarial expenses	(70,830)	(34,944)
Real estate expenses	**(737,984)**	**(63,654)**
- internal and external surveillance of premises	(30,448)	(2,081)
- real estate services	(41,595)	(3,546)
- cleaning of premises	(3,751)	(2,160)
- repair and maintenance of forniture, machinery, equipment	(37,559)	(1,964)
- maintenance of premises	(7,462)	(700)
- premises rentals	(506,814)	(48,543)
- utilities	(110,355)	(4,660)
Other administrative expenses	**(576,908)**	**(90,788)**
- insurance	(29,189)	(15,946)
- office equipment rentals	(1,670)	(433)
- postage	(54,498)	(1,618)
- printing and stationery	(6,908)	(641)
- administrative services	(367,669)	(50,714)
- logistic services	(20,362)	(3,654)
- bank front office services	-	-
- trasport of documents	(27,202)	(921)
- supply of small office items	(8,512)	(1,210)
- donations	(8,909)	(3,082)
- association dues and fees	(12,949)	(6,745)
- other expenses	(39,040)	(5,824)
Total	**(3,041,321)**	**(537,989)**

The One4C transaction entailed overall integration costs of €14 million recognized under “Other administrative expenses”.

Section 10 - Provisions for risks and charges - Item 160

10.1 Net provisions for risks and charges: breakdown

ITEMS/COMPONENTS	2010 PROVISIONS	2010 REALLOCATION SURPLUS	2010 TOTAL	2009
1. Other provisions				
1.1 Legal disputes	(238,057)	89,932	(148,125)	(26,110)
1.2 Staff costs	-	-	-	-
1.3 Other	(175,334)	86,848	(88,486)	(80,218)
Total	**(413,391)**	**176,780**	**(236,611)**	**(106,328)**

The provisions in sub-item “1.3 other” are primarily for expenses associated with the assignment of credits to Aspra (€40 million) and tax disputes (€44 million).

Section 11 - Impairments/write-backs on property, plant and equipment - Item 170

11.1 Impairment on property, plant and equipment: breakdown

ASSETS/P&L ITEMS	2010 DEPRECIATION (A)	2010 IMPAIRMENT LOSSES (B)	2010 WRITE-BACKS (C)	2010 NET PROFIT (A + B –C)
A. Property, plant and equipment				
A.1 Owned	(75,427)	(2,615)	-	(78,042)
- for operational use	(75,427)	(2,615)	-	(78,042)
- for investment		-	-	-
A.2 Finance leases	-	-	-	-
- for operational use	-	-	-	-
- for investment	-	-	-	-
Total	**(75,427)**	**(2,615)**	**-**	**(78,042)**

Section 12 - Impairments/write-backs on intangible assets - Item 180

12.1 Impairment on intangible assets: breakdown

ASSETS/P&L ITEMS	2010 DEPRECIATION (A)	2010 IMPAIRMENT LOSSES (B)	2010 WRITE-BACKS (C)	2010 NET PROFIT (A + B –C)
A. Intangible assets				
A.1 Owned	(4,292)	-	-	(4,292)
- generated internally by the company	-	-	-	-
- other	(4,292)	-	-	(4,292)
A.2 Finance leases	-	-	-	-
Total	**(4,292)**	**-**	**-**	**(4,292)**

Part C - Income Statement (Continued)

Section 13 - Other net operating income - Item 190

13.1 Other operating expense: breakdown

	2010	2009
Impairment losses on leasehold improvements (on non-separable assets)	(75,392)	(4,728)
Other costs related to the transfer to "Fondo depositi dormienti" (L. 266/2005 - D.P.R. 116/2007 as updated)	(136)	(6,397)
Other	(82,580)	(29,195)
Total	**(158,108)**	**(40,320)**

The sub-item "Other" includes €17 million attributable to operating losses of subsidiaries and €11 million deriving from claims.

13.2 Other operating income: breakdown

	2010	2009
Recovery of costs	374,843	73,411
Revenues for administrative services	7,122	152,004
Other Revenues	75,914	19,044
Total	**457,879**	**244,459**

The sub-item "Other revenues" includes €40 million from the recovery of legal expenses of Trevi recognized under "Other administrative expenses".

Section 14 - Profit (Loss) of associates - Item 210

14.1 Profit (Loss) of associates: breakdown

P&L ITEMS	2010	2009
A. Income	**26,690**	**3,250**
1. Revaluations	-	-
2. Gains on disposal	26,690	3,250
3. Write-backs	-	-
4. Other positive changes	-	-
B. Expense	**(27,687)**	**(125,814)**
1. Write-downs	-	-
2. Impairment losses	(27,317)	(125,814)
3. Losses on disposal	(370)	-
4. Other negative changes	-	-
Net gains (losses)	**(997)**	**(122,564)**

Gains on disposal include the sale of partially owned subsidiary Unisuisse for €11 million (equity investment held), while impairment losses include the write-down of the Mediobanca warrant for €20 million.

Section 15 - Net gains (losses) on property, plant and equipment and intangible assets measured at fair value - Item 220

No data to be disclosed in this section.

Section 16 - Impairment of goodwill - Item 230

No data to be disclosed in this section.

Section 17 - Gains (losses) on disposal of investments - Item 240

17.1 Gains and losses on disposal of investments: breakdown

P&L ITEMS	2010	2009
A. Property	**-**	**(40)**
- Gains on disposal	-	-
- Losses on disposal	-	(40)
B. Other assets	**(997)**	**66**
- Gains on disposal	39	78
- Losses on disposal	(1,036)	(12)
Net gains (losses)	**(997)**	**26**

Section 18 - Tax expense (income) related to profit or loss from continuing operations - Item 260

18.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

P&L ITEMS	2010	2009
1. Current tax (+/-)	(96,671)	459,772
2. Adjustment to current tax of prior years (+/-)	11,067	137,554
3. Reduction of current tax for the year (+)	-	-
4. Changes to deferred tax assets (+/-)	442,467	(658,176)
5. Changes to deferred tax liabilties (+/-)	18,813	513,755
6. Tax for the year	**375,676**	**452,905**

The amount of income tax for the year is positive at €376 million, with a decrease of -€76 million. As a result of One4C transaction, in 2010 the Parent Company began budgeting the tax basis for the IRAP Regional Tax on production activities, which is expected to be positive for significant amounts in the future. This has made it possible also to begin deducting for IRAP purposes the goodwill deducted in 2008 based on Art. 15 paragraph 10 and 11 of Legislative Decree no 185 of November 29, 2008, Deferred tax assets of €360 million were therefore recognized.

18.2 Reconciliation of theoretical tax charge to actual tax charge

	2010	2009
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS (item 250)	407,667	(401,904)
Theoretical tax rate	27.5%	27.5%
Theoretical tax	(112,108)	110,524
1. Different tax rates	-	-
2. Non-taxable income - continuing differences	765,089	481,335
3. Non-tax-deductible expenses - continuing differences	(209,251)	(143,393)
4. Italian regional tax on production	(234,177)	-
5. Prior years and changes in tax rates	8,142	(710)
a) effects on current tax	46,380	-
- losses carried forward	-	-
- other previous year effects	46,380	-
b) effects on deferred tax	(38,238)	(710)
- changes in tax rates	-	-
- new tax levied (+) previous tax removed (-)	-	-
- other previous year effects	(38,238)	(710)
6. Valuation adjustments and non-recognition of deferred taxes	173,535	-
- write-downs on deferred tax assets	(186,000)	-
- recognition of deferred tax assets	359,535	-
- non-recognition of deferred tax assets	-	-
- non-recognition of deferred tax assets/liabilities under IAS 12.39 and 12.44	-	-
- other	-	-
7. Amortization of goodwill	-	-
8. Non-taxable foreign income		12,401
9. Withholding tax	-	-
10. Other differences	(15,554)	(7,252)
Tax entered to profit or loss	**375,676**	**452,905**

Part C - Income Statement (Continued)

Section 19 - Gains (Losses) on groups of assets held for sale, net of tax - Item 280

No data to be disclosed in this section.

Section 20 - Other information

No information to be disclosed in this section.

Section 21 - Earnings per share

Earnings per share

	2010	2009
Net profit (thousands of euros) (1)	626,999	(80,077)
Average number of outstanding shares (2)	18,134,197,143	15,810,771,546
Average number of potential dilutive shares	6,524,615	8,579,747
Average number of diluted shares	18,140,721,758	15,819,351,293
Earnings per share (€)	**0.035**	**-0.005**
Diluted earnings per share (€)	**0.035**	**-0.005**

(1) The 2010 net profit of €783,343k decreased of €156,344k, according to payments debited to net equity and due under own shares contract of usufrutto stipulated within Cashes transaction. The same occurred to 2009 Net profit.

(2) Net of the average number of own shares and of further 967,564,061 shares retained under usufrutto contract and incremented by the new shares issued in conseguence of free capital increase pursuant to section 2442 of the Civil Code approved by the Extraordinary Shareholders meeting on April 29, 2009. In order to make a proper comparison, the average number of ordinary shares outstanding should be increased by the number of shares issued in case of bonus issue, as if the event had occurred at the begining of the earliest period presented (IAS 33 § 28).

Part D - Comprehensive Income

Part D - Comprehensive Income (amounts in thousands of €)

Other comprensive Income Statement

ITEMS	BEFORE TAX EFFECTS	TAX EFFECTS	AFTER TAX EFFECTS
10. Net Profit or Loss for the year	**X**	**X**	**783,343**
Other comprehensive income before tax			
20. Available-for-sale financial assets	**(478,600)**	**159,771**	**(318,829)**
a) fair value changes	(462,151)	161,124	(301,027)
b) reclassifications through profit or loss	(22,329)	5,670	(16,659)
- due to impairment	25,308	(7,430)	17,878
- following disposal	(47,637)	13,100	(34,537)
c) other variations	5,880	(7,023)	(1,143)
30. Property, plant and equipment	**-**	**-**	**-**
40. Intangible assets	**-**	**-**	**-**
50. Hedges of foreign investments:	**-**		**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
60. Cash flow hedges:	**101,981**	**(27,485)**	**74,496**
a) fair value changes	101,981	(27,485)	74,496
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
70. Exchange differences:	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
80. Non-current assets classified held for sale	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
90. Actuarial gains (losses) on definited benefit plans	**-**	**-**	**-**
100. Changes in valuation reserve pertaining to equity method investments:	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
- due to impairment	-	-	-
- following disposal	-	-	-
c) other variations	-	-	-
110. Other comprehensive income after tax	**(376,619)**	**132,286**	**(244,333)**
120. Comprehensive income (Item 10+110)			**539,010**

Part E - Risks and Hedging Policies

Part E - Risks and Hedging Policies (amounts in thousands of €)

Risk Management within UniCredit S.p.A.

UniCredit S.p.A. monitors and manages its risks through rigorous methodologies and procedures proving to be effective through all phases of the economic cycle. The control and steering of the risks are exerted by the Company Risk Management function (Group CRO), to which have been assigned the following tasks:

- optimizing asset quality and minimizing the cost of the relevant risks, in line with the risk / return targets assigned to each business area;
- determining, in concert with the CFO, the risk appetite and evaluating capital adequacy, and cascading it to the Business Areas, consistently with Basel II Pillar II requirements;
- defining -in compliance with Basel 2 standards and Bank of Italy requirements- the Group rules, methodologies, guidelines, policies and strategies for risk management, and, in cooperation with the Organisation department, the relevant processes and their implementation;
- setting up a credit and concentration risk control system both of single counterpart / economic groups and significant clusters (e.g. as geographical areas / economic sectors), monitoring and reporting the limits beforehand defined;
- defining and providing to the Business Areas the valuation, managerial, monitoring and reporting criteria of the risks and ensuring the consistency of systems and control procedure;
- supporting the Business Areas to achieve their targets, contributing to products and to business development;
- setting up an adequate system of preventive risk analysis, in order to quantify the impacts of a quick worsening of the economic cycle or of other shock factors (i.e. Stress Test) on the Group economic - financial structure. This holds for single risk types as well as their integration and comparison to available capital;
- acknowledge and develop the risk culture defined and promoted at a Group level.

Throughout most of 2010, operating performance of corporates staged an impressive rebound. However, monetary stimulus created by central banks, called Quantitative Easing, did not unfold to the same extent in all countries. In particular, European countries as Italy with excessive debt burden are still under intense pressure to take corrective measures and fiscal discipline which will ultimately slow down the economic recovery. Credit quality of larger corporates, especially within cyclical industries, benefited from the surge in international demand, both domestic and foreign. Although the trend is clearly positive, it did only partly filter through to risk costs which typically lags the economic indicators.

In light of the still challenging macroeconomic environment, a sound and effective risk management has highest priority not only for UniCredit S.p.A. but also within the Group.

Therefore the Group CRO has implemented in 2009 a new risk governance model emphasizing this guiding principle and aimed to:

- strengthen the capacity of steering, coordination and control activities of some aggregated risks (so called “Portfolio Risks”), through dedicated responsibility centres (“Portfolio Risk Managers”) totally focused and specialized on such risks;
- enhance coherence with the Group business model, ensuring clear specialization and focus – from a purely transactional perspective - of specific centres of responsibility on risks originated by the Group “risk taking” functions, at the same time keeping these “centres of responsibility” (“Transactional Risk Managers”) totally independent from the “risk taking” functions (i.e. Business units, Treasury, Asset Management).

Consistently with the Risk Management architecture redesign, the set-up, role and rules of the Group Committees responsible for risk topics have been revised and has affected UniCredit S.p.A. as well.

Regarding the compliance with the Pillar II of the New Capital Accord (Basel II), a specific capital adequacy valuation process was developed in 2009, based on existing approaches. It envisages a general framework as well as a set of specific guidelines aimed at setting out a common approach at Group level in the areas of capital planning, the definition of risk appetite and the measurement, management, control and governance of risks. In addition, synthesis elements concerning risks measurement were introduced to better support processes as capital planning and capital adequacy. UniCredit’s risk profile is represented by internal capital that is calculated by aggregating risks, net of diversification benefits, plus a “cushion” which incorporates model risk and the variability of the economic cycle. Capital adequacy is also evaluated by comparing internal capital to available financial resources (AFR) through their ratio, the so-called risk-taking capacity. The achievement of capital adequacy also implies proper risk management based on the involvement of Senior Management by identifying the appropriate decision-making Bodies, properly assigning duties and responsibilities and reviewing the overall process.

In the 4th quarter of 2010 a revision of the parameterization of the Credit Portfolio Model, has been realized with new clusters describing, update of the existing macro-models, new treatment of Sovereign risk and the full embedding of securitizations, both originated and in the investment portfolios. A revision of the global correlation framework was implemented, including the events that followed the financial crisis, and combined with a more granular description of countries’ dependence on macroeconomic variables and a more efficient selection of the macro drivers. A new IT architecture for Credit VaR is in production, leveraging on the credit risk group platform.

Further enhancements of the framework, e.g. introducing a methodology for risk appetite regarding Country risks, are either ongoing or planned in the course of 2011.

In 2010 "country risk- cross border credit business" policy was approved, The Policy has the objective to create an efficient and comprehensive framework for the risk assessment, evaluation and management of credit business implying Country risk, with focus on controlling the Country risk embedded in the cross border credit activity. In particular it focuses on the following topics:
- country risk definition and its main components (Sovereign risk, Transfer and Convertibility risk) and characteristics (domestic vs. cross border risk, in local vs. foreign currency);
- main instruments put in place to manage, steer and control Country risk, with a focus on the Cross-Border Country Limits;
- main rules for the assessment of the Country risk and rating assignment;
- Cross-Border Country Limit structure, main contents for proposal and approval by the competent Body;
- Cross-Border Country Limits management, including approval (plafond structure), reallocation rules, among i) sub plafond categories, ii) economic group members, excess / overdraft regulation and individual transactions within existing Limits approval;
- main rules for renewal, with the possibility to perform a simplified renewal in limited cases;
- main rules for regular monitoring / reporting of the Country risk, in order to detect and react promptly to the symptoms of possible deterioration of the credit quality of the Country with credit exposure between reviews, and documenting such changes by updating the Country's rating.

Complete implementation of the policy is ongoing or planned in the course of 2011.

Section 1 - Credit risk

QUALITATIVE INFORMATION

1. General
Within UniCredit S.p.A. risk management model redesign, a further step has been taken with the introduction of the "Global Credit Portfolio Management (GPM)". Leveraging on the expertise of these credit portfolio managers, they carry a leading role in strategically important definition and implementation of industry credit risk strategies which includes the development of credit target portfolios consistent with strategic business and risk ambitions. Furthermore, GPM is responsible for the frequent and regular monitoring of the credit portfolio to ensure a forward looking approach of industry developments, providing an early identification of potential sector and customer problems while supporting revenue opportunities to maximize risk return. Beside the single name transactional point of view, the impact of any new transaction on the credit portfolio is thoroughly assessed and considered in the decision making process. Consequently, a purposeful management and active shaping credit portfolio in close cooperation with the loan origination activity is achieved.

With the objective of providing best in class service to large multinational clients, increasing value creation, defining an effective and consistent credit appetite, minimizing the cost of risk and implementing an efficient credit process, UniCredit Group redesigned the global approach to serve (both from a commercial and a credit point of view) the above mentioned segment of customers. The new service model (the GAM, "Global Account Management") provides for a global coordination of commercial strategy and definition of global credit risk appetite towards the managed counterparts. Dedicated relationship and risk managers have been identified as unique reference points for client group's global commercial and credit strategy coordination, for the global credit position evaluation and its risk profile monitoring.

UniCredit S.p.A. continues to strongly invest in the extension of Basel 2 to the entire perimeter. In mid 2010, the Group has successfully implemented the newly revised Group wide IRB rating systems for multinational companies and for Banks - the main aim of the revisions was to overcome previously identified weakness of the rating models.

With reference to the functional measures for the "compliance" with Basel II requirements, an assessment of the activities related to the eligibility check of credit risk mitigants was carried on, adapting processes and policies. In particular, also for UniCredit S.p.A., specific processes to meet the legal certainty and the regulatory requirements have been implemented for mutual guarantees ("garanzie consortili").

According to the Supervisory Authorities' instructions, Credit risk stress testing activities were carried out on the basis of common stress scenarios at international level. In particular, stress tests have been performed on Bank of Italy and ECOFIN (coordinated by the Committee of European Banking Supervisors (CEBS)) requests. The simulation impacts have been assessed both at profit / loss level, considering the effects on provisions and profit / loss for the period, and at balance sheet level, where effects on the Pillar I capital requirement targets and on economic capital occurred.

During the first quarter of 2010, compliant with Pillar II framework, an update on concentration risk has been performed for Single Name Concentration Limits (so called Bulk Risk Limits) and for Sectorial Limits (so called Industry Limits).

With reference to restructuring and workout activities, a new Committee – dedicated to the evaluation of positions under restructuring / workout – has been established, while the Group Transactional Credit Committee focuses on credit underwriting.

Part E - Risks and Hedging Policies (Continued)

With specific focus on the Retail Strategic Business Area and in light of the present economic situation, actions aiming at strengthening and optimizing processes and IT tools concerning monitoring and work out activities have been developed with emphasis on the reshaping of the credit framework and on the "friendly collection". In order to continue to adequately ensure a support to the economy, two ad hoc initiatives have been launched for the Italian market, "SOS Impresa Italia" and "Insieme 2009", together with the ones coordinated by the Italian Banking Association, supporting Small Business and consumers respectively.

Within the framework of the "General Group Credit Policy", the existing set of rules has been integrated with specific policies on dedicated matters, including the Project Finance, Acquisition Leveraged Finance and the Debt / Equity swap transactions as well as the management and monitoring of Underwriting Risk limits for the syndicated loan portfolio.

As far as credit risk mitigation is concerned, two special policies have been issued regarding: i) collateral management for OTC derivatives and Repo and securities lending business, and ii) the approval process and activities related to structured credit risk mitigation transactions.

Monitoring and reporting activities for credit risk portfolio were further developed, widening the consolidated disclosure to the other important risk categories.

2. Credit Risk Management Policy

2.1 Organization

The Group Risk Management framework aims at ensuring the right balance between "risk type" and "*risk origination* area specialization" (e.g. "F&SME", "CIB" "PB", Treasury, etc) by adopting a matrix approach.

With reference to credit risk, the matrix approach entails two different responsibility centres. On the one side the "Credit Risks Portfolio Management" department, which oversees and manages the overall credit and cross-border risk profile of the Group defining all the relevant strategies, methodologies and limits. On the other side, the "Transactional Risk Managers" are the responsibility centres for the credit risks originated by related "*risk origination*" areas.

Besides the Group Portfolio and Transactional Risk Managers, the new Risk Management set-up comprises:
- the "Risk Management and Control" department, responsible for, among the others,
- the management of Basel II activities (including measurement of internal capital according to Pillar II, definition of the risk appetite and the "ICAAP" coordination),
- the internal validation of risk measurement models
- rating assignment to some relevant counterparts (Top Banking, Top Corporate), and *rating override*
- "GRM Operating Office" responsible for, among the others, Group risk reporting
- "Special Credit" department responsible for coordinating, addressing, supporting and - with reference to relevant files - managing restructuring and workout activities.

In order to ensure adequate development of risk management activities before managed by the commercial banks merged within "One4C" project, the organization structure has been partially reviewed extending the responsibilities of some functions or creating new structures.

With particular reference to the management of credit activities, the following structures have been set-up:
- "Credit Operations Italy" department – reporting directly to the "Group CRO" and organized by " credit chains" (i.e. "F & SME", "CIB", "PB") responsible for:
  - the management of underwriting activities for UniCredit SpA Customers performing the evaluation of the Counterparties credit worthiness the decision - in accordance with the powers delegated – of the credit line proposals, or the submit of same to the competent deliberative Bodies.
  - overseeing the post-decision phases of the credit process and monitoring the performance of positions
- "Individuals Credit Operations", under "F&SME SBA Risk" Transactional Risk Manager, responsible for the same activities assigned to "Credit Operations Italy" concerning "Household Financing".Business Unit credit products.

In order to strengthen the capacity of independent steering, coordination and control of risks, to improve the efficiency and the flexibility on the risks decisional process and to address the interaction between the relevant risk stakeholders, a dedicated Risk Committee named "Italian Transactional Credit Committee" has been set-up so to be in charge of discussing and approving, within the delegated powers, credit proposal related to the Business Unit "CIB Italy Network", "PB Italy Network" and "F&SME Italy Network".

2.2 Factors that generate Credit Risk

In the course of its credit business activities UniCredit S.p.A. is exposed to the risk that its loans may, due to the deterioration of the debtor's financial condition, not be repaid at maturity, and thus resulting in a partial or full write-off. This risk is always inherent in traditional lending operations regardless of the form of the credit facility (whether cash or credit commitments, secured or unsecured, etc). The main reasons for default lie in the borrower's lacking the autonomous ability to service and repay the debt (due to a lack of liquidity, insolvency, etc.), as well as the occurrence of events that are unrelated to the debtor's operating and financial condition, such as Country risk or the impact of operational risk. Other banking operations, in addition to traditional lending and deposit activities, can expose UniCredit S.p.A. to other credit risks. For example, 'non-traditional' credit risk may arise from:
- entering into derivative contracts;
- purchasing and selling securities, futures, currencies or commodities;
- holding third-party securities.

The counterparties in these transactions or issuers of securities held by UniCredit S.p.A. Legal Entities could default as a result of insolvency, political and economic events, lack of liquidity, operating problems or other reasons. Defaults in relation to a large number of transactions, or one or more large transactions, could have a material adverse impact not only on UniCredit S.p.A. but also on the Group's operations, financial condition and operating results.

UniCredit S.p.A. monitors and manages the specific risk of each counterparty and the overall risk of loan portfolios through procedures, structures and rules, that steer, govern and standardize the assessment and management of credit risk, in line with the Group principles and best practice, and which are capable of extending their effectiveness to all phases of the economic cycle.

With particular reference to the current challenging market conditions, UniCredit S.p.A., maintaining existing rationales and procedures, has strengthened the control and management of credit risk through ongoing and rigorous respect of the rules for the lending activity and by further enhancing the related monitoring procedures. In addition, the existing relevant structures have been strengthened, and new ones have been created specifically dedicated to more sensitive areas, for purposes of timely detection of any critical signs.

Country risk

Country risk is defined as the risk of losses of exposures caused by events in a specific Country which may be under the control of the government but not under the control of a private enterprise or individuals. This may imply that the repayment of assets within a specific Country will be ultimately prevented by actions of the Country's government (e.g. transfer risk, expropriation risk, legal risk, tax risk, security risk, delivery risk) or by a deterioration of the economic and / or political environment (e.g. a sharp recession, currency and / or banking crisis, disaster, war, civil war, social unrest) of a Country. Country risk is managed by determining the appropriate maximum operational risk levels, whether in the banking or financial business, that can be assumed *vis-à-vis* all counterparties (sovereigns, government entities, banks, financial institutions, corporate customers, small businesses, individuals, project finance, etc.) residing in or related to the Country, for cross-border transactions (from the standpoint of the Entity providing the loan) in foreign and local currency (from the standpoint of the borrower).

Country risk management processes are mainly concentrated at UniCredit S.p.A. in terms of both methodological aspects and the decision-making process, in order to ensure a uniform assessment and monitoring approach, particularly for the rating assignment – PD (probability of default) and LGD (loss given default) – as well as control of risk concentration.

Cross border country risk plafond are calculated in a top-down / bottom-up process considering the risk of the Country (rating), the size of the country measured by its share in international trade of goods and services as well as its share in international capital flows, demand of the bank's export customers and business opportunities.

2.3 Credit Risk Management, Measurement and Control

2.3.1 Reporting and Monitoring

The fundamental objective of the reporting and monitoring activities performed by the CRO function is the analysis of the main drivers and parameters of credit risk (exposure at default ("EAD"), expected loss ("EL"), migration, cost of risk etc.) in order to promptly initiate any counter-measures on portfolios, sub-portfolios or individual counterparts.

UniCredit S.p.A. CRO function performs the reporting for credit risk at portfolio and individual counterparty level, producing reports at Group level, both recurring and specific (on demand of Senior Management or external entities, e.g., regulators or rating agencies) with the objective of analyzing the main risk components and their development over time, and thus to detect any signals of deterioration at an early stage and, subsequently, to put in place the appropriate corrective initiatives. The performance of the credit portfolio is analyzed with reference to its main risk drivers – such as growth and risk indicators - customer segments, industrial sectors, regions and the performance of credits in default and the relevant coverage.

Portfolio reporting activities are carried out in close collaboration with the Divisional Risk Officer and the Credit Risk Portfolio Managers that, within their respective perimeters, implement their specific reporting activities.

Within 2010 overall reporting activities developed further thanks to the gradual improvement in the quality of data and processes supporting the consolidated reporting.

The monitoring activity was enhanced in order to promptly capture signs of deterioration of the credit quality of customers. The timely identification and proper management of exposures with increased risk allow to intervene at a phase preceding potential default, when there is still the capability for repayment. Dedicated UniCredit S.p.A. CRO reporting functions perform the reporting for credit risk at portfolio and individual counterparty level with the objective of analyzing the main risk components and their development over time, and thus to detect any signals of deterioration at an early stage and, subsequently, to put in place the appropriate corrective initiatives.

Part E - Risks and Hedging Policies (Continued)

2.3.2 Governance and policies

According to the role assigned to the Holding Company, specifically to the Risk Management function under the Group governance, "General Group Credit Policies" define the group-wide rules and principles to guide, govern and standardize the credit risk assessment and management, in line with Group principles, regulatory requirements and best practices. The general rules are then supplemented by Special Policies governing defined subjects such as: business areas, segment activities, type of counterpart / transaction, etc.

With reference to the Italian perimeter, following One4C implementation, a comprehensive review of the credit manuals of the former Legal Entities has been started, aiming at providing the new bank with an up-to-date and coherent credit rules' framework, in compliance with Group policies and guidelines.

In particular a new credit manual (Testo Unico del Credito) has been drawn up with the aim of combining all the regulations regarding credit activity in a unique rules book which covers the credit life span, from underwriting to problem loan management. and other correlated topics, such as: compliance to the international regulations (Basel 2), Bank's credit risk management guidelines and strategies as well as the operational matters (Credit Information Bureau, Chamber of Commerce and cadastral survey, Financial Statements).

2.3.3 Management and Measurement Methods

Credit Risk generally represents the risk of losses of the value of a credit exposure arising from an unexpected change of the counterparty's credit quality.

For the purpose of credit risk measurement, credit risk is defined as the risk of incurring losses arising from the possibility that a borrower, counterparty or an issuer of a financial obligation (bond, note, lease, and instalment debt) is not able to repay interest and/or principal or any other amount due (Default Risk). In a wider sense, credit risk can also be defined as potential losses arising either from a default of the borrower / issuer or a decrease of the market value of a financial obligation due to a deterioration in its credit quality (migration risk). The latter one includes not only the default risk but also the risk of rating migrations or credit spread change. For the time being for credit risk measurement UniCredit S.p.A. is focusing only on default risk; the market based approach to credit risk measurement might be applied in the future.

Credit risk is measured by individual borrower and for the whole portfolio. The tools and processes used for lending to individual borrowers during both the approval and monitoring phases include a credit rating process, which is differentiated by customer segment to ensure maximum effectiveness.

The assessment of a counterpart's creditworthiness, within the credit proposal evaluation, begins with an analysis of the financial statements and the qualitative data (competitive positioning, corporate and organisational structure, etc.), regional and industry factors and counterpart behaviour and the banking system (e.g., "Centrale dei rischi"), and results in a rating, i.e. the counterpart's probability of default (PD) on a one-year time horizon.

Regular monthly monitoring focuses on the borrower's performance management, using all available internal and external information in order to arrive at a score representing a synthetic assessment of the risk associated. This score is obtained using a statistical function that summarizes available information using a set of proven significant variables that are predictors of an event of default within a 12-months-horizon.
All information is statistically summarized in an internal rating that takes quantitative and qualitative elements into account, as well as information on the borrower's behaviour, if available, which is taken from the loan management scoring procedures described above.

When applicable, the internal rating, or risk level assigned to the customer / transaction, forms a part of the lending decision calculation. In other words, at a constant credit amount the approval powers granted to the competent Bodies are gradually reduced in proportion to an increased borrower-related risk level.

The organizational model in use includes also a dedicated function, which is separated from loan approval and business functions and is responsible for the management of the so-called rating overrides, i.e. any changes to the automatic rating calculated by the model.

Each borrower's credit rating is reviewed at least annually on the basis of new information acquired. Each borrower is also assessed in the context of any economic group with which it is affiliated by, as a general rule, taking into account the theoretical maximum risk for the entire economic group.

Besides the methodologies summarized in the rating systems, the risk management function uses portfolio models enabled to measure credit risk on an aggregated portfolio basis and at the same time to be able to identify sub-portfolio, or single obligor contributions to the overall risk position.

There are three fundamental portfolio credit risk measures that are calculated and are evaluated on a one year time horizon and on a non discounted basis:
• Expected Loss (EL),
• Credit Value at Risk (Credit VaR) and
• Expected Shortfall (ES).

In order to derive the Credit VaR of the portfolio, the portfolio loss distribution is specified; it is represented by the probabilities of getting different values of the portfolio loss on the given time horizon (discrete loss case). The specification of such a distribution is obtained combining single obligors default probabilities (PD), losses given default (LGD) and exposures at default (EAD) considering the correlations among the defaults.

The Expected Loss (EL) represents the aggregated average expected loss of the portfolio due to potential defaults of the obligors. The EL of the portfolio is just the sum of the single obligor ones, which can be evaluated as the product of PD x LGD x EAD, and is independent from the default correlations in the portfolio. EL is typically charged as a cost component in the margin.

Value at Risk represents the maximum amount by which, at a given probability, the expected loss might be exceeded (= Value at Risk at ⊠ confidence level which for UniCredit is defined at 99.97%). Such value, also named Economic Capital, is an input for the definition of the amount of the capital to cover the potential losses.

VaR is a widely used measure of portfolio risk but it has some intrinsic limitations. In particular it does not provide information on potential losses in case the VaR limit is exceeded. Such information is provided by the Expected Shortfall (ES) that represents the expected value of losses that exceed the VaR threshold. Portfolio Credit VaR and ES strongly depend on default correlation and can be reduced by portfolio diversification.

The credit portfolio models produce also measures of economic capital reallocated by individual borrowers within each portfolio and are the basis for risk-adjusted performance measures.

The measures of economic capital (Credit VaR) are also a fundamental input for the design and application of credit strategies, the analysis of credit limits and risk concentration. The economic capital calculation engine is also used for the analysis of stress tests of the credit portfolio, starting from macro-economic variables that affect the various customer segments, by Country, size, etc.

All the above mentioned risk parameters are subject to a regular monitoring and validation process for each rating system in all its components: models, processes, IT architecture and data quality.

The internal Credit VaR model is also subject to assessment in the context of Pillar II validation.

2.3.4 Credit Risk Strategies

According to Pillar II provisions, credit risk strategies for the credit portfolio are an advanced credit risk management tool. Consistent both with the budget process and with Pillar II / Risk Appetite framework, they are aimed to provide the concrete deployment of risk appetite targets by Strategic Business Area, considering the expected vulnerability of the credit portfolios to adverse economic downturns as well as the quantification of the sectorial concentration risk.
Credit risk strategies aim to obtain a threefold goal:
• to define the optimal credit portfolio risk profile by minimizing the overall credit risk impact, starting from the risk appetite framework, in line with the Group's capital allocation and value creation criteria;
• to provide support to the responsible functions and Divisions at UniCredit S.p.A. level when the latter take measures to optimise the portfolio reshaping through strategic plans and business initiatives;
• to provide a set of guidelines and support when drafting business and credit risk budgets, in line with the Group's strategic vision.

Credit risk strategies are defined by synthesizing the top-down risk analysis with the portfolio view of the business functions, through a strict cooperation among the centralized and divisional Risk Management Departments and Credit Portfolio Managers specialised on industries and products.

Credit risk strategies are implemented by using all available credit risk measures, especially the credit VaR model, which enables correct and prudent management of portfolio risk, using advanced methodologies and tools. In parallel a set of qualitative information, taking into account the different divisional / territorial characteristics, are incorporated and transformed in input variables for the credit portfolio optimization models.

More generally, as part of credit risk strategy, vulnerability and Capital Adequacy support analysis are performed through the credit risk stress test (Pillar I and Pillar II). Portfolio risk management pays special attention to credit risk concentration in light of its importance within total assets.

Part E - Risks and Hedging Policies (Continued)

Such concentration risk, according to the Basel 2 definition, consists of a single exposure or of a group of correlated exposures with the potential to generate losses of such magnitude as to prejudice UniCredit S.p.A. and Group's ability to carry on its normal business.

Stress test simulations are a comprehensive part of credit risk strategies definition. With stress test procedure it is possible to re-estimate some risk parameters like PD, Expected Loss, economic capital and RWA under the assumption of "extreme but plausible" macroeconomic and financial stressed scenario. Stressed parameters are used not only for regulatory purposes (Pillar I and Pillar II requirements), but also as managerial indicators about the portfolio vulnerability of single business lines, industries / regional areas, customer groups and other relevant clusters, conditioned to a downturn of economic cycle.

In compliance with regulatory requirements, stress tests are performed on an on-going basis on updated stressed scenarios and are communicated to the senior management as well as to the Supervisory Authority. In addition to the regular stress test, ad hoc stress test simulations are performed on specific request from the Supervisory Authority.

2.4 Credit Risk Mitigation Techniques

Unicredit S.p.A., consistently with the Revised Framework of International Convergence of Capital Measures and Rules (Basel 2), is firmly committed to satisfy the requirements for recognition of Credit Risk Mitigation techniques for regulatory capital purposes, according to the different approaches adopted (Standardized, or A-IRB).

In this regard specific projects have been completed and actions have been realized for embedding the CRM techniques in internal regulations and for alignment of processes and supporting IT systems.

With specific reference to Credit Risk Mitigation, general guidelines are in force, issued, to lay down Group-wide rules and principles that should guide, govern and standardise the credit risk mitigation and management, in line with Group principles and best practice, as well as in accordance with the requirements of regulation of the New Capital Accord ("Basel 2").

During the second half of 2010, within the One4C project, an extensive review of the internal credit rules of guarantees and collaterals of the Legal Entities included in the project perimeter has been started, aiming at providing the new bank with an up-to-date and coherent credit rules' framework.

Collateral management assessments and Credit Risk Mitigation compliance verifications are performed by the Legal Entities, specifically as part of Internal Rating System applications, in order to assess the presence of adequate documentation and formalized policies and procedure concerning the Credit Risk Mitigation instruments used for supervisory capital and their coherence with the basic framework of a comprehensive collateral management defined by Group Guidelines issued by Holding Company.

In particular, general rules for eligibility, valuation, monitoring and management of collaterals and guarantees are defined. Special rules and requirements for certain types of collaterals are detailed as well.

Collaterals or guarantees are accepted only to support loans and they cannot serve as a substitute for the borrower's ability to meet obligations. For this reason they have to be evaluated in the credit application along with the assessment of the creditworthiness and the repayment capacity of the borrower.

In the credit risk mitigation technique assessment, UniCredit S.p.A. emphasizes the importance of the legal certainty requirements for all the funded and unfunded credit protection techniques, as well as their suitability. UniCredit S.p.A. must put in place all necessary actions in order to:
- fulfil any contractual and legal requirements in respect of, and take all steps necessary to ensure the enforceability of the collateral/guarantee arrangements under the applicable law;
- conduct sufficient legal review confirming the enforceability of the collateral/guarantee arrangements on all parties and in all relevant jurisdictions.

The collateral accepted in support of credit lines, primarily includes real estate, both residential and commercial, financial collateral (including cash deposits, debt securities, equities, and units of Undertakings for Collective Investment in Transferable Securities (UCITS)). Other types of collateral (pledged goods or pledged loans and life insurance policies) are less common.

UniCredit S.p.A. makes use of netting agreement. In general these are considered eligible if they are legally effective and enforceable in all relevant jurisdictions, including in the event of insolvency or bankruptcy of counterparty. UniCredit S.p.A. can use netting agreement only if they are able at any time to determine the position netting value (assets and liabilities with the same counterparty that are subject to the netting), monitoring and controlling debts, credit and netting value.
Personal guarantees can be accepted as elements complementary and accessory to the granting of loans, for which the risk mitigation element is the additional security for repayment. Before a personal guarantee is acquired, the protection provider (or the protection seller in case of credit default swap) has to be assessed in order to measure his/her solvency and risk profile. The hedging effect of guarantees / credit derivatives for the purpose of credit protection depends basically on the protector's creditworthiness and the protected amount must be reasonably proportionate to the economic performance capabilities of the protection provider.

UniCredit S.p.A. has implemented a clear and robust system for managing the credit risk mitigation techniques, governing the entire process for evaluation, monitoring and management. Therefore it is required to set up controls to ensure that collaterals and guarantees are effective for the entire maturity of the underlying exposure. Collaterals and guarantees can be considered adequate if they are consistent with the underlying credit exposure and, for guarantees, when there are no relevant risks towards the protection provider.

The control system of credit risk mitigation techniques is embedded in the credit approval process and in the credit risk monitoring process. Controls and related responsibilities are duly formalized and documented in internal rules and job descriptions. The credit procedures in origination and monitoring areas support widely the collateral management process for evaluation and data quality checks of guarantees and for the appropriate linking of collaterals and guarantees to the categories defined for CRM and LGD estimates purposes. Furthermore are implemented processes to control all the relevant information regarding the identification and evaluation of the credit protection are correctly input to the system.

UniCredit S.p.A. has developed a collateral management system to ensure that the process of valuation, monitoring, and management of all types of security is clear and effective.

Hedging of credit risks collateralized must be maintained over time. In this respect, collaterals need to be valued accurately and regularly and haircuts must be applied when accepting the collateral to ensure that, in case of liquidation, there are no unexpected losses. The collateral value is based on the current market price or the estimated amount which the underlying asset could reasonably be liquidated for (i.e. financial instrument or real estate Fair Value); market price of pledged securities are adjusted by applying haircuts for market price and foreign exchange volatility according to Basel 2 regulation requirements. In case of currency mismatch between the credit facility and the collateral, an additional haircut is applied. Possible mismatches between the maturity of the exposure and that of the collateral are also considered in the adjusted collateral value.

The current models in place, not only in UniCredit S.p.A. but also within the Group, are mainly based on pre-defined prudential haircuts. Internally estimated haircuts, based on the Value at Risk methodology, are under adoption throughout the Group for the assessment of the riskiness concerning financial collaterals.

For the valuation of real estate collateral, specific processes and procedures ensure that the property is valuated by an independent expert at or less than the market value. For UniCredit S.p.A., systems for the periodic monitoring and revaluation of the real estate serving as collateral, based on statistical methods and internal databases or provided by external info-providers, are in place.

2.5 Impaired Loans

With reference to the *"non-performing"* portfolio, UniCredit S.p.A.'s activities are mainly focused on the following:
- prompt action. Based on solid and effective monitoring and reporting processes, the early identification of possible credit quality deterioration allows the Holding Company to perform the necessary restrictive measures before the declaration of default;
- proper assessment of the impaired loans, in order to define the strategies/actions to be taken and the applicable default classification;
- initiating recovery procedures on the basis of the type and amount of exposure and the specific borrower involved;
- appropriate provisioning through profit and loss in proportion to counterparty risk and type of exposure. Provisioning is carried out in line with the principles of IAS 39 and Basel 2 rules;
- accurate and regular reporting in order to monitor aggregate portfolio risk over time.

Classification of positions into the various default categories must comply with local legal and regulatory dispositions issued by the Supervisory Authority.

Part E - Risks and Hedging Policies (Continued)

In addition and in order to strengthen governance and independent control over credit risk management processes, a function dedicated to the management of restructuring and workout files has been set up in UniCredit S.p.A., reporting directly to the Group CRO.

In general, the main goal of managing the non-performing portfolio is to recover all, or as much exposure as possible, by identifying the best strategy for maximizing the Net Present Value (NPV) of the amounts recovered, or rather minimizing LGD (Loss Given Default).

This activity is managed internally by specially qualified staff or externally through a mandate given to a specialized company - the Group includes UniCredit Credit Management Bank, an Entity specialized in workout activities which operates as a servicer for most of the Group's Italian Legal Entities –, or through sale of non-performing assets to external companies.

The methodology is based on the calculation of the NPV of amounts recovered as a result of alternative recovery strategies, with assumptions made for recoveries, related costs and likelihood of failure for any strategy. These results are compared with the Group Entity's average LGD for positions with the same characteristics. If data series are not available, the comparison is based on estimates.

In order to determine provisions, an exercise that is performed at least quarterly, specialized units use an analytical approach to assess the loss projections for the non-performing portfolio on the basis of the Group's accounting policies, which are consistent with the rules of IAS 39 and Basel II. If an analytical approach is not possible (e.g., if there are numerous small positions), UniCredit S.p.A. may make provisions on a lamp sum basis by regrouping these positions into aggregates with similar risk and exposure profiles. The percentage used for such provisions is based on historical data series.

With regard to the powers to be granted in the area of classifying files as default positions and calculating loss projections, UniCredit S.p.A. designates several decision-making levels that have been appropriately tailored to the amount of exposure and the provision. In the light of the impact that these decisions have on earnings and tax payments, these decision-making processes involve both the CRO function and the Holding Company's Senior Management.

UniCredit S.p.A.'s business and solidity in terms of profitability, capital and finance depend inter alia on the creditworthiness of its borrowers. UniCredit S.p.A. has adopted procedures, rules and principles that steer, govern and standardize the assessment and management of credit risk, in line with principles and best practice.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A. 1 Impaired and performing loans: amounts, writedowns, changes, economic and geographical distribution
Part A.1 does not include equity instruments or UCITS shares.

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

PORTFOLIO/QUALITY	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURE	PAST-DUE	OTHER ASSETS	TOTAL
1. Financial assets held for trading	10,410	70,377	12,677	52,597	9,982,378	10,128,439
2. Available-for-sale financial assets	-	-	-	-	19,834,029	19,834,029
3. Held-to-maturity investments	-	-	-	-	3,898,743	3,898,743
4. Loans and receivables with banks	469	-	-	324,221	33,480,953	33,805,643
5. Loans and receivables with customers	4,723,434	8,347,034	2,562,902	2,510,899	234,958,066	253,102,335
6. Financial assets at fair value through profit or loss	2,029	-	-	-	1,030	3,059
7. Financial assets classified as held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	3,202,590	3,202,590
Total as at 12.31.2010	**4,736,342**	**8,417,411**	**2,575,579**	**2,887,717**	**305,357,789**	**323,974,838**
Total as at 12.31.2009	**100,812**	**99,662**	**-**	**-**	**278,289,514**	**278,489,988**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net value)

PORTFOLIO/QUALITY	IMPAIRED ASSETS			OTHER ASSETS			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	SPECIFIC WRITE DOWNS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITE DOWNS	NET EXPOSURE	
1. Financial assets held for trading	189,847	(43,786)	146,061	X	X	9,982,378	10,128,439
2. Available-for-sale financial assets	-	-	-	19,834,029	-	19,834,029	19,834,029
3. Held-to-maturity investments	-	-	-	3,898,743	-	3,898,743	3,898,743
4. Loans and receivables with banks	330,832	(6,142)	324,690	33,498,475	(17,522)	33,480,953	33,805,643
5. Loans and receivables with customers	26,604,519	(8,460,250)	18,144,269	236,261,256	(1,303,190)	234,958,066	253,102,335
6. Financial assets at fair value through profit or loss	17,524	(15,495)	2,029	X	X	1,030	3,059
7. Financial assets classified as held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	3,202,590	3,202,590
Total as at 12.31.2010	**27,142,722**	**(8,525,673)**	**18,617,049**	**293,492,503**	**(1,320,712)**	**305,357,789**	**323,974,838**
Total as at 12.31.2009	**637,948**	**(437,474)**	**200,474**	**267,930,214**	**(208,582)**	**278,289,514**	**278,489,988**

As required by Banca d'Italia in its letter dated February 22, 2011 in the section *"Bilancio e segnalazioni di vigilanza"* (Accounts and supervisory reporting), the table below provides a breakdown of credit exposures being renegotiated, i.e. whose installment payment (both principal and interest) has been temporarily suspended in compliance with the general agreements entered by Banking Association or with regulations prevailing in Italy.
As at December 31, 2010 there are no such positions in the portfolios of financial assets other than loans to customers.

Part E - Risks and Hedging Policies (Continued)

PORTAFOLIO / QUALITY	PERFORMING									TOTAL (NET EXPOSURE)
	OTHER PERFORMING			PAST-DUE 1-90 DAYS			PAST-DUE 91-180 DAYS			
	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	
5. Loans and receivables with customers	**226.282.597**	**(1.069.658)**	**225.212.939**	**8.780.230**	**(161.651)**	**8.618.579**	**1.198.429**	**(71.881)**	**1.126.548**	**234.958.066**
- Exposures renegotiated in application of collective agreements	569.373	(9.324)	560.049	36.103	(796)	35.307	691	(15)	676	596.032
- Other exposures	225.713.224	(1.060.334)	224.652.890	8.744.127	(160.855)	8.583.272	1.197.738	(71.866)	1.125.872	234.362.034

A.1.3 On-balance and off-balance sheet exposure to banks: gross and net values

EXPOSURE TYPE / AMOUNTS	AMOUNTS AS AT 12.31.2010			
	GROSS EXPOSURE	SPECIFIC WRITE DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. On-balance-sheet exposure				
a) Non-performing loans	6,611	(6,142)	X	469
b) Doubtful loans	-	-	X	-
c) Restructured exposure	-	-	X	-
d) Past due	324,221	-	-	324,221
e) Other assets	36,419,990	X	(17,521)	36,402,469
Total A	**36,750,822**	**(6,142)**	**(17,521)**	**36,727,159**
B. Off-balance-sheet exposure				
a) Impaired	26,293	-	-	26,293
b) Other	36,273,519	X	-	36,273,519
Total B	**36,299,812**	**-**	**-**	**36,299,812**
Total A+B	**73,050,634**	**(6,142)**	**(17,521)**	**73,026,971**

On-balance sheet exposures include all balance-sheet assets, including held-for-trading, available-for-sale, held-to-maturity assets, loans, assets at fair value through profit or loss and assets held for sale.

Off-balance sheet exposure comprises guarantees given, commitments and derivatives regardless of each transaction's classification category.

The gross exposure of credit derivatives for which protection has been sold corresponds to (i) the sum of the face value and the positive fair value in respect of total rate of return swaps, (ii) to positive fair value in respect of credit spread swaps and (iii) to the notional value in respect of credit default products and credit linked notes.

A.1.4 Balance-sheet exposure to banks: gross change in impaired exposures

SOURCE / CATEGORIES	CHANGES IN 2010			
	NON - PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURE	PAST-DUE
A. Opening balance - gross exposure	**28**	**-**	**-**	**-**
- of which: Sold and not derecognised	-	-	-	-
B. Increases	**8,440**	**3,712**	**-**	**324,221**
B.1 Transfers from performing loans	5,889	3,712	-	-
B.2 Transfers from other impaired exposure	-	-	-	-
B.3 Other increases	2,551	-	-	324,221
of which: business combinations	-	-	-	-
C. Reductions	**1,857**	**3,712**	**-**	**-**
C.1 Transfers to performing loans	-	-	-	-
C.2 Derecognised items	-	-	-	-
C.3 Recoveries	-	3,712	-	-
C.4 Sales proceeds	-	-	-	-
C.5 Transfers to other impaired exposure	-	-	-	-
C.6 Other reductions	1,857	-	-	-
D. Closing balance - gross exposure	**6,611**	**-**	**-**	**324,221**
- of which: Sold and not derecognised	-	-	-	-

A.1.5 Balance-sheet exposure to banks: change in overall impairments

SOURCE/CATEGORIES	CHANGES IN 2010			
	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURE	PAST-DUE
A.1 Opening balance writedowns	**28**	**-**	**-**	**-**
- of which: Sold and not derecognised	-	-	-	-
B. Increases	**6,114**	**3,596**	**-**	**-**
B.1 Writedowns	138	129	-	-
B.2 Transfers from other impaired exposure	-	-	-	-
B.3 Other increases	5,976	3,467	-	-
of which: business combinations	-	-		
C. Reductions	**-**	**3,596**	**-**	**-**
C.1 Transfers to performing loans	-	-	-	-
C.2 Write-backs from recoveries	-	3,596	-	-
C.3 Write-offs	-	-	-	-
C.4 Transfers to other impaired exposure	-	-	-	-
C.5 Other reductions			-	-
D. Final gross writedowns	**6,142**	**-**	**-**	**-**
- of which: Sold and not derecognised	-	-	-	-

A.1.6 Balance-sheet and off-balance sheet exposure to customers: gross and net values

EXPOSURE TYPE / AMOUNTS	AMOUNTS AS AT 12.31.2010			
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance-sheet exposure				
a) Non-performing loans	8,807,196	(4,081,733)	X	4,725,463
b) Doubtful loans	12,274,649	(3,927,615)	X	8,347,034
c) Restructured exposure	2,723,276	(160,374)	X	2,562,902
d) Past due	2,816,921	(306,022)	X	2,510,899
e) Other assets	260,709,780	X	(1,303,190)	259,406,590
Total A	**287,331,822**	**(8,475,744)**	**(1,303,190)**	**277,552,888**
B. Off-balance-sheet exposure				
a) Impaired	1,266,322	(66,462)	X	1,199,860
b) Other	54,023,948	X	(632,591)	53,391,357
Total B	**55,290,270**	**(66,462)**	**(632,591)**	**54,591,217**
Total A+B	**342,622,092**	**(8,542,206)**	**(1,935,781)**	**332,144,105**

On-balance sheet exposures include all balance-sheet assets, including held-for-trading, available-for-sale, held-to-maturity assets, loans, assets at fair value through profit or loss and assets held for sale.

Off-balance sheet exposure comprises guarantees given, commitments and derivatives regardless of each transaction's classification category.

The gross exposure of credit derivatives for which protection has been sold corresponds to (i) the sum of the face value and the positive fair value in respect of total rate of return swaps, (ii) to positive fair value in respect of credit spread swaps and (iii) to the notional value in respect of credit default products and credit linked notes.

Part E - Risks and Hedging Policies (Continued)

A.1.7 Balance-sheet exposure to customers: gross change in impaired exposure subject to country risk

SOURCE/CATEGORIES	CHANGES IN 2010 NON - PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST-DUE
A. Opening balance - gross exposure	**479,694**	**156,830**	**349**	**1,047**
- Sold not derecognised	-	-	-	-
B. Increases	**10,623,368**	**21,758,141**	**3,778,832**	**10,754,677**
B.1 Transfers from performing loans	222,083	5,470,963	405,911	6,515,462
B.2 Transfers from other impaired exposures	4,534,958	4,301,721	423,269	1,167,128
B.3 Other increases	5,866,327	11,985,457	2,949,652	3,072,087
of which: business combinations	*4,528,088*	*10,371,574*	*1,998,533*	*2,709,503*
C. Reductions	**2,295,866**	**9,640,322**	**1,055,905**	**7,938,803**
C.1 Transfers to performing loans	8,797	1,035,384	70,261	3,025,477
C.2 Derecognised items	1,470,576	91,905	4,305	-
C.3 Recoveries	300,327	2,490,972	718,309	770,127
C.4 Sales proceeds	3,776	5,602	-	-
C.5 Transfers to other impaired exposures	39,841	6,004,483	244,927	4,137,825
C.6 Other reductions	472,549	11,976	18,103	5,374
D. Closing balance gross exposure	**8,807,196**	**12,274,649**	**2,723,276**	**2,816,921**
- Sold not derecognised	*187,859*	*1,153,403*	-	*97,669*

A.1.8 Balance-sheet exposure to customers: changes in overall impairment

SOURCE/CATEGORIES	CHANGES IN 2010 NON - PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST-DUE
A. Opening gross writedowns	**378,882**	**57,168**	**349**	**1,047**
- Sold not derecognised	-	-	-	-
B. Increases	**5,689,243**	**5,835,752**	**222,147**	**812,568**
B.1 Writedowns	2,144,273	1,991,256	79,283	210,999
B.2 Transfers from other impaired exposure	1,265,689	361,169	48,961	130,747
B.3 Other increases	2,279,281	3,483,327	93,903	470,822
of which: business combinations	*2,153,918*	*3,142,474*	*81,361*	*296,341*
C. Reductions	**1,986,392**	**1,965,305**	**62,122**	**507,593**
C.1 Transfers to performing loans	419,408	108,330	8,608	8,390
C.2 Write-backs from recoveries	71,770	210,903	17,954	43,457
C.3 Write-offs	1,470,576	91,905	4,305	-
C.4 Transfers to other impaired exposure	9,335	1,429,799	26,231	341,201
C.5 Other reductions	15,303	124,368	5,024	114,545
D. Closing gross writedowns	**4,081,733**	**3,927,615**	**160,374**	**306,022**
- Sold not derecognised	*53,367*	*268,177*	-	*15,258*

A.2 Breakdown of exposures according to external and internal ratings

A.2.1 Balance-sheet and off-balance sheet exposure by external rating class (book values)

	AMOUNTS AS AT 12.31.2010							
	EXTERNAL RATING CLASSES							
EXPOSURES	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	NO RATING	TOTAL
A. On-balance-sheet exposures	**2,607,106**	**53,629,690**	**1,380,792**	**600,061**	**46,932**	**18,470,987**	**237,544,479**	**314,280,047**
B. Derivative contracts	**374,417**	**5,965,683**	**4,502**	**96,785**	**20,066**	**146,060**	**3,087,277**	**9,694,790**
B.1 Financial derivative contracts	374,417	5,965,138	4,502	96,785	20,066	146,060	3,087,277	9,694,245
B.2 Credit derivatives	-	545	-	-	-	-	-	545
C. Guarantees given	**1,092,223**	**1,878,376**	**1,117,123**	**1,652,237**	**81,540**	**428,820**	**36,383,538**	**42,633,857**
D. Otfher commitments to disburse funds	**574,018**	**4,311,897**	**1,165,015**	**444,366**	**62,725**	**651,273**	**31,353,088**	**38,562,382**
Total	**4,647,764**	**65,785,646**	**3,667,432**	**2,793,449**	**211,263**	**19,697,140**	**308,368,382**	**405,171,076**

Impaired assets are included in “Class 6”.

The table details on- and off-balance sheet credits granted to counterparties rated by external rating agencies, which provide brief assessments of the creditworthiness of different classes of borrowers such as Sovereigns, Banks, Public Entities, Insurance Companies and (usually large) Enterprises.

The table refers to classification of 262/2005 Bank of Italy Circular – 1 upgrade of November 18, 2009; then it provides for external ratings 6 classes of creditworthiness.

The above disclosure refers to Standard and Poor's ratings, together with those of the other two large agencies, Moody's and Fitch.

In the case when more than one agency rating is available, the most prudential rating is assigned.

The "Investment Grade" area (from class 1 to 3), particularly the first two sections (1 and 2), comprises nearly all externally rated exposures, since the corresponding counterparties are mainly banks.

It has to be highlighted a consistent reduction in 2 class, mainly due to intercompany exposures between the banks object of the merger, but any longer existing on 12.31.2010.

A.2.2 Balance-sheet and off-balance sheet exposure by internal rating class

	AMOUNTS AS AT 12.31.2010					
	INTERNAL RATING CLASSES					
EXPOSURES	1	2	3	4	5	6
A. On-balance-sheet exposures	**55,326,041**	**13,798,711**	**19,936,284**	**56,509,250**	**21,542,256**	**15,568,311**
B. Derivative contracts	**6,298,666**	**277**	**114,322**	**3,008**	**695,443**	**141,936**
B.1 Financial derivative contracts	6,298,121	277	114,322	3,008	695,443	141,936
B.2 Credit derivatives	545	-	-	-	-	-
C. Guarantees given	**16,119,875**	**2,440,466**	**3,577,775**	**3,346,932**	**2,222,706**	**2,168,518**
D. Other commitments to disburse funds	**13,558,366**	**1,545,939**	**1,261,603**	**2,029,160**	**1,490,466**	**947,110**
Total	**91,302,948**	**17,785,393**	**24,889,984**	**61,888,350**	**25,950,871**	**18,825,875**

Continued: A.2.2 Balance-sheet and off-balance sheet exposure by internal rating class

	AMOUNTS AS AT 12.31.2010						
	INTERNAL RATING CLASSES						
EXPOSURES	7	8	9	10	IMPAIRED ASSETS	NO RATING	TOTAL
A. On-balance-sheet exposures	**9,750,470**	**11,535,840**	**13,818,247**	**9,692,607**	**18,470,987**	**68,331,043**	**314,280,047**
B. Derivative contracts	**83,046**	**214,100**	**203,788**	**68,447**	**146,060**	**1,725,697**	**9,694,790**
B.1 Financial derivative contracts	83,046	214,100	203,788	68,447	146,060	1,725,697	9,694,245
B.2 Credit derivatives	-	-	-	-	-	-	545
C. Guarantees given	**2,672**	**1,132,933**	**1,002,766**	**204,560**	**428,820**	**9,985,834**	**42,633,857**
D. Other commitments to disburse funds	**1,026,310**	**1,004,879**	**961,244**	**467,316**	**651,273**	**13,618,716**	**38,562,382**
Total	**10,862,498**	**13,887,752**	**15,986,045**	**10,432,930**	**19,697,140**	**93,661,290**	**405,171,076**

INTERNAL CLASSES	PD RANGE
1	0 <= PD <= 0.0004
2	0.0004 < PD <= 0.0010
3	0.0010 < PD <= 0.0022
4	0.0022 < PD <= 0.0049
5	0.0049 < PD <= 0.0089
6	0.0089 < PD <= 0.0133
7	0.0133 < PD <= 0.0198
8	0.0198 < PD <= 0.0360
9	0.0360 < PD <= 0.1192
10	0.1192 < PD

The table contains on- and off-balance sheet exposures grouped according to the counterparties' internal rating.
Ratings are assigned to individual counterparties using Group banks' internally-developed models included in their credit risk management processes.
The internal models validated by the regulators are 'Group-wide' (e.g. for Banks, Multinationals and Sovereigns).
The different rating scales of these models are mapped in a single master-scale of 10 classes (illustrated in the table above) based on Probability of Default (PD).

Part E - Risks and Hedging Policies (Continued)

Almost all internally-rated exposures were investment grade (classes 1 to 4), while exposures towards unrated counterparties were 22% of the total.

No rating is assigned to these counterparties as they belong to a segment not yet covered by the models or still in the roll-out phase.

A.3 Breakdown of secured exposures by type of guarantee

A.3.1 Secured on balance-sheet exposures to banks

	AMOUNTS AS AT 12.31.2010													
					PERSONAL GUARANTEES (2)									
		COLLATERALS (1)			CREDIT DERIVATIVES					LOAN GUARANTEES				
						OTHER CREDIT DERIVATIVES								
	NET EXPOSURE	PROPERTY	SECURITIES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1) + (2)
1. Secured credit exposures to banks:														
1.1 totally secured	1,255			1,255	-	-	-	-	-					1,255
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2. partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Secured credit exposures to customers:														
2.1. totally secured	5,792	-	-	5,792	-	-	-	-	-	-	-	-	-	5,792
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. partially secured	55,087	-	-	6,596	-	-	-	-	-	-	-	-	-	6,596
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.3.2 Secured off-balance-sheet exposures to customers

	AMOUNTS AS AT 12.31.2010													
					PERSONAL GUARANTEES (2)									
		COLLATERALS (1)			CREDIT DERIVATIVES					LOAN GUARANTEES				
						OTHER CREDIT DERIVATIVES								
	NET EXPOSURE	PROPERTY	SECURITIES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1) + (2)
1. Secured credit exposures to banks:														
1.1 totally secured	119,383,488	92,295,389	1,937,133	686,852	-	-	-	-	-	39,576	73,953	64,215	28,688,477	123,785,595
- of which: impaired	*11,136,481*	*9,748,078*	*400,012*	*39,770*	-	-	-	-	-	*4,929*	*44*	*2,735*	*5,456,814*	*15,652,382*
1.2. partially secured	6,748,921	346,362	1,251,131	421,232	-	-	-	-	-	87	579	29,795	1,417,698	3,466,884
- of which: impaired	1,468,634	47,433	381,375	81,704	-	-	-	-	-	70	5	-	567,360	1,077,947
2. Secured credit exposures to customers:														
2.1. totally secured	3,738,281	79,283	183,365	302,870	-	-	-	-	-	-	-	346,182	2,804,831	3,716,531
- of which: impaired	*172,474*	*4,696*	*29,053*	*20,703*	-	-	-	-	-	-	-	*30,996*	*108,279*	*193,727*
2.2. partially secured	1,057,772	-	122,745	156,852	-	-	-	-	-	-	-	93,761	139,649	513,007
- of which: impaired	*67,727*	-	*1,348*	*1,264*	-	-	-	-	-	-	-	*17,168*	*17,249*	*37,029*

The amount shown in the “Amount of the Exposure”, in tables A.3.1. and A.3.2, column is the net exposure.

Classification of exposures as “totally secured” or “partially secured” is made by comparing the gross exposure with the amount of the contractually agreed security.

B. DISTRIBUTION AND CONCENTRATION OF LOANS

B.1 Breakdown of balance-sheet and off-balance-sheet exposures to customers by main business sector

EXPOSURES / COUNTERPARTIES	GOVERNMENTS			OTHER PUBLIC ENTITIES			FINANCIAL COMPANIES		
	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS
A. Balance Sheet exposures									
A.1 Non-performing loans	-	-	X	-		X	16,046	(29,738)	X
A.2 Doubtful loans	400	(400)	X	77,008	(52,938)	X	168,557	(61,114)	X
A.3 Restructured exposures	-	-	X	-	-	X	18,571	(825)	X
A.4 Past-due loans	29	(7)	X	9,611	(2,583)	X	71,379	(12,640)	X
A.5 Other exposures	24,531,218	X	(436)	4,938,343	X	(23,256)	48,099,000	X	(187,587)
Total A	**24,531,647**	**(407)**	**(436)**	**5,024,962**	**(55,521)**	**(23,256)**	**48,373,553**	**(104,317)**	**(187,587)**
B. Off-balance sheet exposures									
B.1 Non-performing loans	-	-	X	-	-	X	-	(1,964)	X
B.2 Doubtful loans	-	-	X	18,665		X	25,707	(1,370)	X
B.3 Other impaired assets	-	-	X	5,608	(197)	X	4,090	(143)	X
B.4 Other exposures	771,455	X	-	7,870,515	X	(394)	9,309,056	X	(620,696)
Total B	**771,455**	**-**	**-**	**7,894,788**	**(197)**	**(394)**	**9,338,853**	**(3,477)**	**(620,696)**
Total 12.31.2010	**25,303,102**	**(407)**	**(436)**	**12,919,750**	**(55,718)**	**(23,650)**	**57,712,406**	**(107,794)**	**(808,283)**
Total 12.31.2009	**14,394,038**	**-**	**-**	**630,624**	**(51,901)**	**(1,226)**	**64,523,474**	**(45,058)**	**(711,145)**

B.1 Breakdown of balance-sheet and off-balance-sheet exposures to customers by main business sector (continued)

EXPOSURES / COUNTERPARTIES	INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER BORROWERS		
	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS
A. Balance Sheet exposures									
A.1 Non-performing loans	-	-	X	3,290,468	(2,891,399)	X	1,418,950	(1,160,595)	X
A.2 Doubtful loans	-	-	X	5,482,173	(2,653,123)	X	2,618,895	(1,160,041)	X
A.3 Restructured exposures	-	-	X	2,543,985	(159,542)	X	346	(7)	X
A.4 Past-due loans	461	(795)	X	2,085,688	(223,033)	X	343,731	(66,964)	X
A.5 Other exposures	-	X	-	108,626,305	X	(700,121)	73,020,370	X	(391,626)
Total A	**461**	**(795)**	**-**	**122,028,619**	**(5,927,097)**	**(700,121)**	**77,402,292**	**(2,387,607)**	**(391,626)**
B. Off-balance sheet exposures									
B.1 Non-performing loans	-	-	X	57,045	(20,565)	X	1,100	(110)	X
B.2 Doubtful loans	-	-	X	613,890	(32,328)	X	6,072	(213)	X
B.3 Other impaired assets	1,011	(89)	X	436,097	(9,324)	X	30,575	(159)	X
B.4 Other exposures	69,368	X	(115)	33,243,121	X	(9,225)	2,127,843	X	(2,161)
Total B	**70,379**	**(89)**	**(115)**	**34,350,153**	**(62,217)**	**(9,225)**	**2,165,590**	**(482)**	**(2,161)**
Total 12.31.2010	**70,840**	**(884)**	**(115)**	**156,378,772**	**(5,989,314)**	**(709,346)**	**79,567,882**	**(2,388,089)**	**(393,787)**
Total 12.31.2009	**164,393**	**-**	**(49)**	**7,713,204**	**(322,853)**	**(27,373)**	**1,021,994**	**(19,308)**	**(2,396)**

Part E - Risks and Hedging Policies (CONTINUED)

B.2 Breakdown of balance-sheet and off-balance-sheet exposures to customers by area

EXPOSURES / GEOGRAPHICAL AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance Sheet exposure										
A.1 Non-performing loans	4,713,959	(4,033,632)	9,989	(39,623)	513	(3,998)	2	(4,082)	1,000	(398)
A.2 Doubtful loans	8,249,216	(3,853,240)	86,780	(57,320)	645	(293)	133	(385)	10,260	(16,377)
A.3 Restructured exposures	2,455,104	(131,106)	66,833	(28,534)	-	-	-	-	40,965	(734)
A.4 Past-due loans	2,276,712	(278,036)	214,001	(23,146)	3,183	(613)	16,926	(4,174)	77	(54)
A.5 Other exposures	248,776,140	(1,250,610)	8,860,409	(36,458)	1,159,070	(12,938)	224,611	(2,309)	386,362	(875)
Total A	**266,471,131**	**(9,546,624)**	**9,238,012**	**(185,081)**	**1,163,411**	**(17,842)**	**241,672**	**(10,950)**	**438,664**	**(18,438)**
B. Off-balance sheet exposure										
B.1 Non-performing loans	58,145	(17,639)	-	-	-	-	-	(5,000)	-	-
B.2 Doubtful loans	664,225	(33,911)	56	-	54	-	-	-	-	-
B.3 Other impaired assets	445,244	(9,692)	4,137	(219)	28,000	-	-	-	-	-
B.4 Other exposures	47,140,661	(631,160)	3,801,246	(1,264)	2,160,916	(95)	193,611	(2)	94,923	(69)
Total B	**48,308,275**	**(692,402)**	**3,805,439**	**(1,483)**	**2,188,970**	**(95)**	**193,611**	**(5,002)**	**94,923**	**(69)**
Total 12.31.2010	**314,779,406**	**(10,239,026)**	**13,043,451**	**(186,564)**	**3,352,381**	**(17,937)**	**435,283**	**(15,952)**	**533,587**	**(18,507)**
Total 12.31.2009	**78,272,531**	**(1,106,524)**	**7,133,688**	**(43,675)**	**2,569,715**	**(15,278)**	**393,762**	**(12,625)**	**75,596**	**(2,161)**

B.2 Breakdown of balance-sheet and off-balance-sheet exposures to customers by area (continued)

EXPOSURES / GEOGRAPHICAL AREAS	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance Sheet exposure								
A.1 Non-performing loans	1,560,031	(1,252,915)	1,021,874	(741,200)	1,189,730	(1,193,416)	942,324	(846,101)
A.2 Doubtful loans	2,447,493	(1,038,265)	1,637,772	(752,970)	2,379,173	(1,085,242)	1,784,778	(976,763)
A.3 Restructured exposures	1,746,008	(52,493)	443,879	(35,165)	185,723	(32,616)	79,494	(10,832)
A.4 Past-due loans	636,354	(70,145)	599,086	(71,326)	691,888	(79,166)	349,384	(57,399)
A.5 Other exposures	88,653,806	(362,613)	47,797,614	(372,561)	77,724,968	(242,047)	34,599,752	(273,389)
Total A	**95,043,692**	**(2,776,431)**	**51,500,225**	**(1,973,222)**	**82,171,482**	**(2,632,487)**	**37,755,732**	**(2,164,484)**
B. Off-balance sheet exposure								
B.1 Non-performing loans	35,323	(8,340)	5,388	(2,655)	9,144	(4,453)	8,290	(2,191)
B.2 Doubtful loans	132,363	(32,352)	105,516	(131)	302,988	(1,255)	123,358	(173)
B.3 Other impaired assets	156,714	(8,190)	107,304	(785)	91,534	(503)	89,692	(214)
B.4 Other exposures	17,582,705	(4,667)	12,099,928	(620,431)	14,196,256	(5,414)	3,261,772	(648)
Total B	**17,907,105**	**(53,549)**	**12,318,136**	**(624,002)**	**14,599,922**	**(11,625)**	**3,483,112**	**(3,226)**
Total 12.31.2010	**112,950,797**	**(2,829,980)**	**63,818,361**	**(2,597,224)**	**96,771,404**	**(2,644,112)**	**41,238,844**	**(2,167,710)**

B.3 Breakdown of balance-sheet and off-balance-sheet exposures to banks by area

EXPOSURES / GEOGRAPHIC AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance Sheet exposure										
A.1 Non-performing loans	-	-	-	-	-	(2,880)	469	(3,262)	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4 Past-due loans	80,599	-	240,537	-	-	-	-	-	3,084	-
A.5 Other exposures	13,347,382	(17,500)	22,340,331	(21)	258,532	-	181,824	-	274,399	-
Total A	**13,427,981**	**(17,500)**	**22,580,868**	**(21)**	**258,532**	**(2,880)**	**182,293**	**(3,262)**	**277,483**	**-**
B. Off-balance sheet exposure										
B.1 Non-performing loans	-	-	-	-	-	-	3,841	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	22,452	-	-	-	-	-	-	-	-	-
B.4 Other exposures	6,170,256	-	28,770,381	-	457,075	-	361,316	-	514,491	-
Total B	**6,192,708**	**-**	**28,770,381**	**-**	**457,075**	**-**	**365,157**	**-**	**514,491**	**-**
Total 12.31.2010	**19,620,689**	**(17,500)**	**51,351,249**	**(21)**	**715,607**	**(2,880)**	**547,450**	**(3,262)**	**791,974**	**-**
Total 12.31.2009	**210,136,900**	**-**	**43,768,709**	**(4,394)**	**1,010,185**	**(1,774)**	**872,111**	**(2,525)**	**512,165**	**(676)**

B.3 Breakdown of balance-sheet and off-balance-sheet exposures to banks by area (continued)

EXPOSURES / GEOGRAPHIC AREAS	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance Sheet exposure								
A.1 Non-performing loans	-	-	-	-	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-
A.4 Past-due loans	-	-	78,232	-	2,367	-	-	-
A.5 Other exposures	7,561,393	(17,500)	2,916,056	-	2,597,245	-	272,688	
Total A	**7,561,393**	**(17,500)**	**2,994,288**	**-**	**2,599,612**	**-**	**272,688**	**-**
B. Off-balance sheet exposure								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	22,452	-	-	-	-	-
B.4 Other exposures	5,625,018	-	84,538	-	460,402	-	298	
Total B	**5,625,018**	**-**	**106,990**	**-**	**460,402**	**-**	**298**	**-**
Total 12.31.2010	**13,186,411**	**(17,500)**	**3,101,278**	**-**	**3,060,014**	**-**	**272,986**	**-**

B.4 Large exposures (according to supervisory regulations)

	12.31.2010	12.31.2009
a) Book Value	260,804,607	-
a.1) Weighted Value	4,839,733	-
b) Number	3	-

Part E - Risks and Hedging Policies (Continued)

C. SECURISATION AND SALE TRANSACTIONS

C.1 SECURITISATION TRANSACTIONS

QUALITATIVE INFORMATION

No new securitization transactions were undertaken in 2010.

However, following the implementation of the One4C project "One for Clients." (For more information see the Report on Operations), effective November 1, 2010 UniCredit S.p.A. took ownership of the securitization transactions originated in previous years by UniCredit Corporate Banking S.p.A. and UniCredit Family Financing Bank S.p.A.

In particular, this entailed the following transactions:

the former UniCredit Corporate Banking S.p.A.	Cordusio SME 2008-1; Euroconnect Issuer LC 2007-1; both categorized as synthetic transactions
the former UniCredit Family Financing Bank S.p.A.	Cordusio RMBS UCFin–Serie 2006 (formerly Cordusio RMBS 3–UBCasa 1); Cordusio RMBS Securitization – Series 2007; Cordusio RMBS Securitization – Series 2006 (formerly Cordusio RMBS 2); Cordusio RMBS; BIPCA Cordusio RMBS; Capital Mortgage 2007-1; F-E Mortgages 2005; F-E Mortgages series 1-2003; Heliconus; all of which are characterized as traditional transactions with assets securitized but not derecognized.

The nominal value of the securities acquired as a result of these transactions totaled €658 million.

These securities were in addition to those resulting from the same transactions that were already in the UniCredit portfolio totaling €1,755.6 million in nominal value and posted under "Loans and receivables with customers."

Again as a result of One4C, UniCredit S.p.A. also acquired the following other "self-securitizing" transactions in which the originator bank, at the time of issuance, subscribed all liabilities issued by the special purpose vehicle:

The former UniCredit Family Financing Bank S.p.A.	Cordusio RMBS UCFin - Series 2009; Cordusio RMBS Securitization - Series 2008.

The nominal value of the securities acquired as a result of these transactions totaled €21,870.4 million. These securities are not reported in the quantitative tables of this Part C as required by regulations.

Furthermore, in 2010, in order to bring these transactions in line with the new rules of the European Central Bank, a second AAA rating was obtained from Fitch on the senior securities.

Also part of the portfolio are:
- securitization transactions bought in 2007 from Capitalia (Trevi Finance, Trevi Finance 2, Trevi Finance 3, Entasi and Caesar Finance) for a nominal value totaling €1,238.8 million;
- securities originated by Group Companies, for a nominal value totaling €2,123.6 million;
- Fonspa securitizations and some other third-party securitizations, for a nominal value totaling €71 million.

Transactions previous periods

ORIGINATOR: UniCredit S.p.A. (ex Capitalia S.p.A., ex Banca di Roma S.p.A.)

STRATEGIES, PROCESSES AND GOALS:	The goals of the transactions were largely to finance non-performing loan portfolios, diversify sources of funding, improve asset quality and enhance the portfolio with management focused on recovery transactions.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis as a part of servicing activities and is recorded in quarterly reports with a breakdown of loan status and the trend of recoveries.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting related to the monitoring of portfolio collections takes the form of a report to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS and interest rate cap contracts in order to hedge structure-related risk and risk due to the difference between the variable-rate return for the securities issued and the return anticipated from recoveries from the portfolio acquired.
OPERATING RESULTS:	At year-end 2010 profits from existing transactions largely reflected the impact of cash flows from collections for the original defaulting loan portfolio. To be specific, collections for the year totaled € 140.954 million (€ 46.269 million for Trevi Finance, € 47.251 million for Trevi 2 and € 47.434 million for Trevi 3)

NAME	TREVI FINANCE		TREVI FINANCE 2	
Type of securitisation:	traditional		traditional	
Originator:	Banca di Roma S.p.A		Banca di Roma S.p.A. 89%, Mediocredito di Roma S.p.A. 11%	
Issuer:	Trevi Finance S.p.A.		Trevi Finance N. 2 S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Finanziaria Internazionale securitization Group S.p.A., PARIBAS		Finanziaria Internazionale securitization Group S.p.A., BNP Paribas Group, Banca di Roma S.p.A.	
Target transaction:	Funding		Funding	
Type of asset:	ordinary loans - mortgage loans		ordinary loans - mortgage loans	
Quality of asset:	non performing	special purpose loan	non performing	special purpose loan
Closing date:	07.21.1999		04.20.2000	
Nominal Value of disposal portfolio:	2,689,000,000 €	94,000,000 €	2,425,000,000 €	98,000,000 €
Guarantees issued by the Bank:	Redemption of mezzanine securities C1 and C2 in issue		Redemption of mezzanine securities in issue	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	All securities issued outstanding as at 12.31.2010 are retained by UniCredit S.p.A.		All securities outstanding as at 12.31.2010 are retained by UniCredit S.p.A.	
Rating Agencies:	Moody's / Duff & Phelps / Fitch			
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	XS0099839887	XS0099847633	XS0110624409	XS0110624151
. Type of security	Senior	Mezzanine	Senior	Senior
. Class	A	B	A	B
. Rating	-	Aaa/A-/AAA	-	-
. Nominal value issued	620,000,000 €	155,000,000 €	650,000,000 €	200,000,000 €
. Nominal value at the end of accounting period	0 €	0 €	0 €	0 €
. ISIN	XS0099850934	XS0099856899	XS0110774808	XS0110770483
. Type of security	Mezzanine	Mezzanine	Mezzanine	Junior
. Class	C1	C2	C	D
. Rating	n.r.	n.r.	n.r.	n.r.
. Nominal value issued	206,500,000 €	210,700,000 €	355,000,000 €	414,378,178 €
. Nominal value at the end of accounting period	0 €	399,983,504 €	731,557,881 €	217,499,114 €
. ISIN	IT0003364228			
. Type of security	Junior			
. Class	D			
. Rating	n.r.			
. Nominal value issued	343,200,000 €			
. Nominal value at the end of accounting period	173,255,572 €			

Part E - Risks and Hedging Policies (Continued)

NAME	TREVI FINANCE 3		ENTASI	
Type of securitisation:	traditional		traditional	
Originator:	Banca di Roma S.p.A. 92.2%, Mediocredito Centrale S.p.A. 5.2% Leasing Roma S.p.A. 2.6%		Banca di Roma S.p.A	
Issuer:	Trevi Finance N. 3 Srl		Entasi Srl	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Finanziaria Internazionale securitization Group S.p.A. ABN AMRO, MCC S.p.A.		Capitalia S.p.A.	
Target transaction:	Funding		Funding	
Type of asset:	ordinary loans - mortgage loans		Collateralised bond obligation	
Quality of asset:	non performing	special purpose loan	Trevi Finance 3 classes C1 and C2 securities	
Closing date:	05.25.2001		06.28.2001	
Nominal Value of disposal portfolio:	2,745,000,000 €	102,000,000 €	320,000,000 €	
Guarantees issued by the Bank:	Redemption of mezzanine securities in issue		Commitment in case of events entitling to early redemption of securities in issue or to the repurchase of Trevi Finance 3 notes at a price sufficient to redeem Entasi securities. The same commitment applies if Trevi Finance 3 exercises the early redemption option of C1 securities.	
Guarantees issued by Third Parties:	ABN AMRO engagement for €275,000,000 to guarantee the line of credit		-	
Bank Lines of Credit :	€355,000,000 to the vehicle company in order to support its liquidity		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	The principal amount of the D-class security underwritten by the Bank is guaranteed up to its maturity by zero coupon Italian government bonds. The value of these collateral securities as at 12.31.2010 was € 180,231,487.21 The C1 and C2 classes were fully underwritten by the Bank and then restructured for their disposal. These securities were sold (for a nominal amount of €320 milllion) to Entasi Srl, which placed them in the market with institutional investors.		As at 12.31.2010 the portfolio of UniCredit S.p.A. (former Capitalia S.p.A.) includes ENTASI securities with a face value of € 110,087,000	
Rating Agencies:	Moody's / S&P / Fitch		Moody's	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Conditions of tranching:			ENTASI Series 2001-1	ENTASI Series 2001-2
. ISIN	XS0130116568	XS0130117020	IT0003142996	IT0003143028
. Type of security	Senior	Mezzanine	Senior	Senior
. Class	A	B	Serie 1	Serie 2
. Rating	Aaa/AAA/AAA	Aa1/AA/AA-	A1	A1
. Nominal value issued	600,000,000 €	150,000,000 €	160,000,000 €	160,000,000 €
. Nominal value at the end of accounting period	0 €	0 €	160,000,000 €	160,000,000 €
. ISIN	XS0130117459	XS0130117616		
. Type of security	Mezzanine	Mezzanine		
. Class	C1	C2		
. Rating	-	-		
. Nominal value issued	160,000,000 €	160,000,000 €		
. Nominal value at the end of accounting period	336,778,787 €	331,374,166 €		
. ISIN	IT0003355911			
. Type of security	Junior			
. Class	D			
. Rating	n.r.			
. Nominal value issued	448,166,000 €			
. Nominal value at the end of accounting period	448,166,000 €			

STRATEGIES, PROCESSES AND GOALS:	The goals of the transaction were largely to finance portfolios, diversify sources of funding and improve asset quality.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis by the servicing company and is recorded in quarterly reports with a breakdown of security status and the trend of repayments.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting produced by servicing companies on the monitoring of portfolio collections is forwarded to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS contracts in order to hedge rate risk related to the structure of underlying securities.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio acquired ensured punctual and full payment to security holders and other parties to the transaction.

NAME	CAESAR FINANCE	
Type of securitisation:	traditional	
Originator:	Banca di Roma S.p.A	
Issuer:	Caesar Finance S.A.	
Servicer:	Bank of New York	
Arranger:	Donaldson, Lufkin & Jenrette	
Target transaction:	Funding	
Type of asset:	Collateralised bond obligation	
Quality of asset:	performing	
Closing date:	11.5.1999	
Nominal Value of disposal portfolio:	360,329,000 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit :	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	Fitch / Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	XS0103928452	XS0103929773
. Type of security	Senior	Junior
. Class	A	B
. Rating	AAA/Aaa	n.r.
. Nominal value issued	270,000,000 €	90,329,000 €
. Nominal value at the end of accounting period	0 €	69,841,271 €

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A.)

STRATEGIES, PROCESSES AND GOALS:	The initiatives are a part of the Group's strategies, one of the objectives of which is to finance, at competitive rates (and in large amounts), the development of medium and long-term performing loan portfolios through the structuring of such portfolios and the resulting release of financial resources for new investments. The main advantages of the transactions can be summarized as follows: - improvement in the matching of asset maturities; - diversification of sources of financing; - broadening of investor base and resulting optimization of funding cost.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	UniCredit SpA acts as "Servicer" for all transactions concerned. As per the agreements entered into with issuing companies (special purpose vehicles - SPV), servicing consists of performing, on behalf of these companies, administrative, collection and securitized loan collection activities as well as the management of any recovery procedures for impaired loans. Thus, as servicer, UniCredit S.p.A. is charged with continually tracking cash flows from securitized loans and constantly monitoring their collection, including with the assistance of third party companies in the Group (especially for the recovery of impaired loans, which are referred to UniCredit Credit Management Bank S.p.A., which operates as an assistant to the Servicer, and collections are governed by a special agreement). The Service provides the Special Purpose Vehicle (and other counterparties indicated in the servicing agreements) information on the activity performed by periodically preparing reports that indicate, among other things, the collection and transfer of the income stream sold, the amount of default positions and recoveries completed, overdue installments, etc., with all information broken down in relation to specific transactions. These reports (which are usually quarterly) are periodically checked (if contractually required) by an auditing firm.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The Bank has established a special coordination unit (Operative Securitization Management) within the Accounting Department. This unit has been tasked with the coordination and operational performance of the servicer-related duties, and to carry out these duties, it works in close cooperation with specific, qualified areas of the Bank (Group Risk Management, Legal & Compliance, etc.) and the Group (UniCredit Global Information Services SCpA, UniCredit Business Partner SCpa, UniCredit Credit Management Bank S.p.A., etc.). Operative Securitization Management also provides technical and operational support to network units.
HEDGING POLICIES:	By agreement, securitized portfolios are protected from interest rate risk by means of the Special Purpose Vehicle entering into Interest Rate Swap (IRS) agreements to hedge a fixed-rate portfolio, and Basis Swaps to hedge an indexed rate portfolio. Both are executed with the Originator, UniCredit S.p.A. In connection with these swaps, related back-to-back swap contracts are entered into between UniCredit Bank S.p.A. and UniCredit Bank AG - London Branch as the swap counterparty.
OPERATING RESULTS:	At the end of December 2010, the operating results related to existing securitization transactions essentially reflected the performance of underlying portfolios and the resulting cash flows, and obviously are affected by the amount of defaults and prepayments during the period, which, moreover, are in line with the performance seen in other assets of this kind that are not securitized.

NAME	CORDUSIO RMBS SECURITISATION - SERIE 2009	
Type of securitisation:	tradizionale	
Originator:	UniCredit Family Financing Bank SpA	
Issuer:	Cordusio RMBS - UCFin S.r.l	
Servicer:	UniCredit S.p.A.	
Arranger:	Bayerische Hypo und- Vereinsbank, AG London Branch	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	08.11.2009	
Nominal Value of disposal portfolio:	3,499,600,824 €	
Net amount of preexinting writedown/writebacks:	3,499,600,824 €	
Disposal Profit & Loss realized:	-	
Portfolio disposal price:	3,499,600,824 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. granted the SPV a subordinated loan of € 122.5 million (At the end of accounting period the amount of capital tranche is equal to 120.63 million euro) and € 7 million euro.	
Other relevant information:	self-securitization	
Rating Agencies:	Moody's / Fitch (dal 01.19.2011)	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004520489	IT0004520513
. Type of security	Senior	Junior
. Class	A	B
. Rating	Aaa/AAA	n.r.
. Where listed	Dublino	-
. Issue date	08.11.2009	08.11.2009
. Legal maturity	12.31.2056	12.31.2056
. Call option	Clean-up Call	Clean-up Call
. Expected duration	1.67	1.67
. Rate	Euribor 3m + 0,8%	Euribor 3m + 5%
. Subordinated level		Sub A
. Nominal value issued	3,279,000,000 €	220,600,824 €
. Nominal value at the end of accounting period	3,279,000,000 €	220,600,824 €

Part E - Risks and Hedging Policies (Continued)

NAME	CORDUSIO RMBS SECURITISATION - SERIE 2008	
Type of securitisation:	Traditional	
Originator:	UniCredit Banca per la Casa S.p.A.	
Issuer:	Cordusio RMBS Securitisation S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	Bayerische Hypo und- Vereinsbank, AG London Branch	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	11.13.2008	
Nominal Value of disposal portfolio:	23,789,098,370 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A has granted SPV three subordinated loans of 730 million euro, 150 million euro and 40 million euro.	
Other relevant information:	self-securitization	
Rating Agencies:	Moody's / Fitch (from 01/19/2011)	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004431208	IT0004431281
. Type of security	Senior	Junior
. *Class*	A	B
. Rating	Aaa/AAA	n.r.
. Nominal value issued	22,250,000,000 €	1,539,098,370 €
. Nominal value at the end of accounting period	16,831,740,075 €	1,539,098,370 €

NAME	CORDUSIO RMBS UCFIN - SERIE 2006 (EX CORDUSIO RMBS 3 - UBCASA 1)	
Type of securitisation:	Traditional	
Originator:	UniCredit Banca per la Casa S.p.A.	
Issuer:	Cordusio RMBS UCFin S.r.l.(ex Cordusio RMBS 3 - UBCasa 1 S.r.l.)	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Banca Mobiliare S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	11.20.2006	
Nominal Value of disposal portfolio:	2,495,969,425 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 14.976 million euro, at the end of accounting period amount of tranche capital is equal to 2.976 million euro.	
Other relevant information:	-	
Rating Agencies:	Fitch /Moody's / Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004144884	IT0004144892
. Type of security	Senior	Senior
. *Class*	A1	A2
. Rating	-	AAA/Aaa/AAA
. Nominal value issued	600,000,000 €	1,735,000,000 €
. Nominal value at the end of accounting period	0 €	1,141,495,711 €
. ISIN	IT0004144900	IT0004144934
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA /Aa1 / AA	A+ / A1 /A+
. Nominal value issued	75,000,000 €	25,000,000 €
. Nominal value at the end of accounting period	75,000,000 €	25,000,000 €
. ISIN	IT0004144959	IT0004144967
. Type of security	Mezzanine	Junior
. Class	D	E
. Rating	BBB+ /Baa2 /BBB+	n.r.
. Nominal value issued	48,000,000 €	12,969,425 €
. Nominal value at the end of accounting period	48,000,000 €	12,969,425 €

Part E - Risks and Hedging Policies (CONTINUED)

ORIGINATOR: UniCredit S.p.A. (ex UniCredit Family Financing Bank S.p.A., ex UniCredit Banca S.p.A.)

NAME	CORDUSIO RMBS SECURITISATION - SERIE 2007		CORDUSIO RMBS SECURITISATION - SERIE 2006 (EX CORDUSIO RMBS 2)		CORDUSIO RMBS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	UniCredit Banca S.p.A.		UniCredit Banca S.p.A.		UniCredit Banca S.p.A.	
Issuer:	Cordusio RMBS Securitisation S.r.l.		Cordusio RMBS Securitisation S.r.l. (ex Cordusio RMBS 2 S.r.l.)		Cordusio RMBS S.r.l.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Bayerische Hypo und Vereinsbank AG, London Branch		UniCredit Banca Mobiliare S.p.A		Euro Capital Structures Ltd	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	performing		performing		performing	
Closing date:	05.24.2007		07.10.2006		05.06.2005	
Nominal Value of disposal portfolio:	3,908,102,838 €		2,544,388,351 €		2,990,089,151 €	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		-		-	
Third Parties Lines of Credit:	-		-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 6.253 million euro. At the end of accounting period the amount of capital tranche is equal to 0.167 million euro.		UniCredit S.p.A. has granted SPV a subordinated loan of 6.361 million euro. At the end of accounting period tha amount is fully remboursed.		UniCredit S.p.A. has granted SPV a subordinated loan of 6.127 million euro. At the end of accounting period tha amount is fully remboursed.	
Other relevant information:	-		-		-	
Rating Agencies:	Fitch /Moody's / Standard & Poor's		Fitch /Moody's / Standard & Poor's		Fitch /Moody's /Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
. ISIN	IT0004231210	IT0004231236	IT0004087158	IT0004087174	IT0003844930	IT0003844948
. Type of security	Senior	Senior	Senior	Senior	Senior	Senior
. Class	A1	A2	A1	A2	A1	A2
. Rating	-	AAA/Aaa/AAA	-	AAA/Aaa/AAA	-	AAA/Aaa/AAA
. Nominal value issued	703,500,000 €	2,227,600,000 €	500,000,000 €	1,892,000,000 €	750,000,000 €	2,060,000,000 €
. Nominal value at the end of accounting period	0 €	1,343,240,795 €	0 €	1,080,254,806 €	0 €	864,600,128 €
. ISIN	IT0004231244	IT0004231285	IT0004087182	IT0004087190	IT0003844955	IT0003844963
. Type of security	Senior	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
. Class	A3	B	B	C	B	C
. Rating	AAA/Aaa/AAA	AA/Aa1/AA	AA /Aa1 / AA	BBB+ / Baa2 / BBB	AA+/Aa1/AAA	BBB/Baa1/BBB
. Nominal value issued	738,600,000 €	71,100,000 €	45,700,000 €	96,000,000 €	52,000,000 €	119,200,000 €
. Nominal value at the end of accounting period	738,600,000 €	71,100,000 €	45,700,000 €	96,000,000 €	52,000,000 €	119,200,000 €
. ISIN	IT0004231293	IT0004231301	IT0004087216		IT0003844971	
. Type of security	Mezzanine	Mezzanine	Junior		Junior	
. Class	C	D	D		D	
. Rating	A/A1/A	BBB/Baa2/BBB	n.r.		nr	
. Nominal value issued	43,800,000 €	102,000,000 €	10,688,351 €		8,889,150 €	
. Nominal value at the end of accounting period	43,800,000 €	102,000,000 €	10,688,351 €		8,889,150 €	
. ISIN	IT0004231319	IT0004231327				
. Type of security	Mezzanine	Junior				
. Class	E	F				
. Rating	B/Ba2/BB	n.r.				
. Nominal value issued	19,500,000 €	2,002,838 €				
. Nominal value at the end of accounting period	19,500,000 €	2,002,838 €				

ORIGINATOR: UniCredit S.p.A. (ex UniCredit Family Financing Bank S.p.A., ex BIPOP - Carire S.p.A.)

NAME	BIPCA CORDUSIO RMBS	
Type of securitisation:	Traditional	
Originator:	Bipop - Carire SpA	
Issuer:	Capital Mortgage Srl	
Servicer:	UniCredit S.p.A	
Arranger:	Bipop - Carire SpA	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	12.19.2007	
Nominal Value of disposal portfolio:	951,664,009 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 9.514 million euro. At the end of accounting period the amount of capital tranche is equal to 8.014 million euro.	
Other relevant information:	All securities issued outstanding as at 12.31.2010 are retained by Unicredit S.p.A.	
Rating Agencies:	S & P / Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004302730	IT0004302748
. Type of security	Senior	Senior
. Class	A1	A 2
. Rating	AAA / Aaa	AAA / Aaa
. Nominal value issued	666,300,000 €	185,500,000 €
. Nominal value at the end of accounting period	666,300,000 €	185,500,000 €
. ISIN	IT0004302755	IT0004302763
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA/Aa3	A/A2
. Nominal value issued	61,800,000 €	14,300,000 €
. Nominal value at the end of accounting period	61,800,000 €	14,300,000 €
. ISIN	IT0004302797	IT0004302854
. Type of security	Mezzanine	Mezzanine
. Class	D	E
. Rating	BBB/Baa1	BB/Baa2
. Nominal value issued	18,000,000 €	5,500,000 €
. Nominal value at the end of accounting period	18,000,000 €	5,500,000 €
. ISIN	IT0004302912	
. Type of security	Junior	
. Class	F	
. Rating	n.r.	
. Nominal value issued	250,000 €	
. Nominal value at the end of accounting period	250,000 €	

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly Banca di Roma S.p.A.)

NAME	CAPITAL MORTGAGE 2007 - 1	
Type of securitisation:	Traditional	
Originator:	Banca di Roma SpA	
Issuer:	Capital Mortgage Srl	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	05.16.2007	
Nominal Value of disposal portfolio:	2,183,087,875 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 37.2 million euro (as equity).	
Other relevant information:	Tranching based on an original assets portfolio € 2,479.4 million, reduced to € 2,183.1 million due to checks after closing date.	
Rating Agencies:	S & P / Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004222532	IT0004222540
. Type of security	Senior	Senior
. Class	A1	A 2
. Rating	AAA/Aaa/AAA	AAA/Aaa/AAA
. Nominal value issued	1,736,000,000 €	644,000,000 €
. Nominal value at the end of accounting period	726,961,110 €	644,000,000 €
. ISIN	IT0004222557	IT0004222565
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA/A3/BB	B/B1/CCC
. Nominal value issued	74,000,000 €	25,350,000 €
. Nominal value at the end of accounting period	74,000,000 €	25,350,000 €

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly Fineco Bank S.p.A.)

NAME	F-E MORTGAGES 2005		F-E MORTGAGES SERIES 1-2003		HELICONUS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	FinecoBank SpA		FinecoBank SpA		FinecoBank SpA	
Issuer:	F-E Mortgages Srl		F-E Mortgages Srl		Heliconus S.r.l	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Capitalia S.p.A.		Capitalia S.p.A.		Capitalia S.p.A.	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	performing		performing		performing	
Closing date:	04.08.2005		11.28.2003		11.08.2002	
Nominal Value of disposal portfolio:	1,028,683,779 €		748,630,649 €		408,790,215 €	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		UniCredit Casa S.p.A. for € 20 million (jointly with ABN AMRO).		UniCredit S.p.A. for € 10.22 million (jointly with CDC IXIS).	
Third Parties Lines of Credit:	-		-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 15.43 million euro (as equity).		-		-	
Other relevant information:	-		-		-	
Rating Agencies:	S & P / Moody's / Fitch		S & P / Moody's / Fitch		S & P / Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
. ISIN	IT0003830418	IT0003830426	IT0003575039	IT0003575070	IT0003383855	IT0003383871
. Type of security	Senior	Mezzanine	Senior	Mezzanine	Senior	Mezzanine
. Class	A	B	A	B	A	B
. Rating	AAA / Aaa /AAA	AA+/A1/A	AAA / Aaa /AAA	AA / A1/ A	AAA / Aaa /AAA	-- / A2 / A
. Nominal value issued	951,600,000 €	41,100,000 €	682,000,000 €	48,000,000 €	369,000,000 €	30,800,000 €
. Nominal value at the end of accounting period	321,447,911 €	41,100,000 €	196,913,280 €	48,000,000 €	105,988,272 €	30,800,000 €
. ISIN	IT0003830434		IT0003575088	IT0003575096	IT0003383939	
. Type of security	Mezzanine		Mezzanine	Junior	Junior	
. Class	C		C	D	C	
. Rating	BBB / Baa2 / BBB-		BBB+/Baa2 / BBB-	unrated	unrated	
. Nominal value issued	36,000,000 €		11,000,000 €	7,630,000 €	8,990,200 €	
. Nominal value at the end of accounting period	36,000,000 €		11,000,000 €	7,630,000 €	8,990,200 €	

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Corporate Banking S.p.A.)

STRATEGIES, PROCESSES AND GOALS:	Synthetic securitization carried out by UniCredit Corporate Banking in order to reduce weighted assets and improve capital ratios while transferring the credit risk of the securitised assets.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	All securitized assets are monitored continuously. Quarterly reports are prepared as required by underlying agreements showing the status of the assets and repayment performance, as well as specific analyses of significant aspects of the transactions.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	This transaction was coordinated by the Parent and authorised by the Board of Directors. Senior management is regularly updated on the performance of the transaction (e.g. residual volumes, risk reduction, etc.).
HEDGING POLICIES:	Almost all thetranches were covered by a Financial Guarantee issued by an OECD banking counterparty which enabled significant risk to be transferred. The structure of the transaction is such that it is effective also under Basel 1.
OPERATING RESULTS:	At December 31, 2010 the guaranteed assets had recorded no defaults. The profit of this transaction comprises guarantee cost and accrued fixed structuring costs. Given the structure of the transaction no loan loss provisions were made.

Part E - Risks and Hedging Policies (Continued)

NAME	CORDUSIO SME 2008-1	
Type of securitisation:	Synthetic	
Originator:	UniCredit Corporate Banking SpA	
Issuer:	CORDUSIO SME 2008-1	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank AG London Branch	
Target transaction:	Capital Relief/ Credit Risk Transfer	
Type of asset:	Small and Medium Enterprises exposures, formerly unsecured loans	
Quality of Asset:	performing	
Closing date:	12.23.2008	
Nominal Value of disposal portfolio:	€ 3,000,901,845	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Revolving	
Rating Agencies:	Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	€ 15,005,000 on class E issued and totally repurchased	
Ammontare e condizioni del tranching:		
. ISIN	n.a.	
. Type of security	SuperSenior	
. Class	-	
. Rating	-	
. Reference position	2,519,255,845 €	
. Reference position at the end of accounting period	1,193,823,984 €	
. ISIN	XS0405882308	XS0405882480
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	AA	A
. Nominal value issued	60,018,000 €	89,127,000 €
. Nominal value at the end of accounting period	60,018,000 €	89,127,000 €
. ISIN	XS0405882563	XS0405882647
. Type of security	Mezzanine	Mezzanine
. Class	C	D
. Rating	BBB-	BB-
. Nominal value issued	81,925,000 €	76,523,000 €
. Nominal value at the end of accounting period	81,925,000 €	76,523,000 €
. ISIN	XS0405882720	XS0405882993
. Type of security	Mezzanine	Mezzanine
. Class	E	F1
. Rating	B	B-
. Nominal value issued	15,005,000 €	6,752,000 €
. Nominal value at the end of accounting period	15,005,000 €	6,752,000 €
. ISIN	XS0405883025	XS0405883298
. Type of security	Mezzanine	Junior
. Class	F2	G
. Rating	B-	-
. Nominal value issued	8,253,000 €	144,043,000 €
. Nominal value at the end of accounting period	8,253,000 €	144,043,000 €

ORIGINATOR: UniCredit Bank AG - UniCredit Bank Austria AG - UniCredit S.p.A. (formerly UniCredit Corporate Banking S.p.A.)

STRATEGIES, PROCESSES AND GOALS:	Synthetic securitization transaction aimed at reducing the Bank's weighted assets, and thus, reducing equity ratios and transferring economic risk to the loans covered by the transaction. The transaction was carried out in conjunction with UniCredit Bank AG and UniCredit Bank Austria AG in order to create a more diversified portfolio and to share fixed costs with the other two Group companies, thereby benefiting from a lower cost for the transfer of risk than that obtainable in a single transaction.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored continually and covered by a quarterly report prepared by the Servicer indicating the status of the loans covered by the transaction.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The transaction, which was carried out with the coordination of the Parent Company, was authorized by the Board of Directors which receives periodic updates on developments in the transaction (e.g., remaining volume, reduction of risks, etc.).
HEDGING POLICIES:	For synthetic transactions, the issuer does not enter into IRS contracts to hedge against interest rate risk.
OPERATING RESULTS:	The income derived from the transaction is determined by the hedging costs incurred, the accrual of fixed structuring costs and the benefit related to lower provisions for credit risk in the hedged portfolio.

NAME	EUROCONNECT ISSUER LC 2007-1	
Type of securitisation:	Synthetic	
Originator:	Bayerische Hypo- und Vereinsbank AG (45.04%) - Bank Austria Creditanstalt AG (37.78%) - UBI (17.18%)	
Issuer:	EuroConnect Issuer LC 2007-1 Limited	
Servicer:	UniCredit Bank AG - UniCredit Bank Austria AG - UniCredit S.p.A.	
Arranger:	Bayerische Hypo- und Vereinsbank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Capital Relief / Funding and risk transfer for concentration risks	
Type of asset:	Secured and unsecured exposures to large corporates	
Quality of Asset:	Performing	
Closing date:	08.20.2007	
Nominal Value of disposal portfolio:	6,206,611,098 € of which Unicredit Corporate Banking 1,066,443,347 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Cash deposit with Originator for 166,600,000 €	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	revolving	
Rating Agencies:	Moody´s/Fitch/S & P	
Amount of CDS or other supersenior risk transferred:	5,523,861,098 of which Unicredit Corporate Banking 899,843,347 €	
Amount and Conditions of tranching:		
. ISIN	XS0311810898	XS0311811862
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	Aa3/A/BBB+	Baa3/BBB/BB-
. Nominal value issued	310,350,000 €	93,100,000 €
. Nominal value at the end of accounting period	310,350,000 €	93,100,000 €
. ISIN	XS0311813306	XS0311814536
. Type of security	Mezzanine	Mezzanine
. Class	C	D
. Rating	B1/BB/B-	Caa2/B-/CCC-
. Nominal value issued	62,050,000 €	68,300,000 €
. Nominal value at the end of accounting period	62,050,000 €	68,300,000 €
. ISIN	XS0311814619	XS0315224716
. Type of security	Junior	Junior
. Class	E1	E2
. Rating	n.r./n.r./n.r.	n.r./n.r./n.r.
. Nominal value issued	143,950,000 €	5,000,000 €
. Nominal value at the end of accounting period	134,162,086 €	4,660,024 €

Part E - Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

The tables below do not include information on the so-called "self-securitizations", i.e. securitization transactions in which the Bank has acquired all the liabilities issued by the SPVs.

C.1.1 Exposure resulting from securitisation transactions broken down by quality of underlying assets

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**2,700,094**	**3,028,986**	**1,313,454**	**1,166,065**	**1,200,076**	**822,592**
a) Impaired	-	-	903,044	744,392	838,921	211,775
b) Other	2,700,094	3,028,986	410,410	421,673	361,155	610,817
B. With third-party underlying assets:	**2,183,094**	**2,119,035**	**65,125**	**43,667**	**20,724**	**12,435**
a) Impaired	-	-	-	-	-	-
b) Other	2,183,094	2,119,035	65,125	43,667	20,724	12,435

C.1.1 Exposure resulting from securitisation transactions broken down by quality of underlying assets (continued)

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**-**	**-**	**661,680**	**42,623**	**-**	**-**
a) Impaired	-	-	661,680	42,623	-	-
b) Other	-	-	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

C.1.1 Exposure resulting from securitisation transactions broken down by quality of underlying assets (continued)

	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**-**	**-**	**281,656**	**129,854**	**30,220**	**30,220**
a) Impaired	-	-	281,656	129,854	-	-
b) Other	-	-	-	-	30,220	30,220
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

C.1.2 - Exposure resulting from the main "in-house" securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS / EXPOSURE	AMOUNTS AS AT 12.31.2010					
	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**109,139**	**-**	**744,391**	**3,690**	**264,354**	**-**
A.1 CLO/CBO OTHERS	**109,139**	**-**	**-**	**-**	**52,579**	**-**
A.1 1 Caesar Finance	-	-	-	-	52,579	-
A.1 2 Entasi	109,139	-	-	-	-	-
A.2 OTHERS	**-**	**-**	**744,391**	**3,690**	**211,775**	**-**
A.2 1 Trevi Finance	-	-	294,368	3,690	-	-
A.2 2 Trevi Finance 2	-	-	223,718	-	-	-
A.2 3 Trevi Finance 3	-	-	226,305	-	211,775	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Non-derecognised	**2,919,848**	**20,030**	**421,673**	**-**	**558,238**	**-40,111**
C.1 RMBS Prime	**1,656,419**	**-**	**136,516**	**-**	**408,806**	**-40,111**
C.1. 1 BIPCA Cordusio RMBS	585,522	-	99,600	-	13,340	-6,897
C.1. 2 Capital Mortgage 2007 - 1	106,468	-	25,416	-	99,187	-27,149
C.1. 3 Cordusio RMBS	69,105	-	1,000	-	13,194	380
C.1. 4 Cordusio RMBS UCFin - Serie 2006	193,627	-	10,500	-	75,439	-2,632
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	207,458	-	-	-	29,708	121
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	478,825	-	-	-	63,957	-3,432
C.1. 7 F-E Mortgages 2003	2,889	-	-	-	32,987	-244
C.1. 8 F-E Mortgages 2005	6,769	-	-	-	59,619	-352
C.1. 9 Heliconus	5,756	-	-	-	21,375	94
C.2 CLO/SME	**1,254,173**	**20,030**	**280,479**	**-**	**149,432**	**-**
C.2. 1 CORDUSIO SME 2008-1 Limited	1,254,173	20,030	280,479	-	149,432	-
C.3 CLO/CBO Others	**9,256**	**-**	**4,678**	**-**	**-**	**-**
C.3. 1 Euroconnect Issuer LC 2007-1	9,256	-	4,678	-	-	-

Part E - Risks and Hedging Policies (Continued)

C.1.2 - Exposure resulting from the main "in-house" securitisation transactions broken down by type of securitised asset and by type of exposure (continued)

	AMOUNTS AS AT 12.31.2010					
	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS / EXPOSURE	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**-**	**-**	**42,623**	**-83,519**	**-**	**-**
A.1 CLO/CBO OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.1 1 Caesar Finance	-	-	-	-	-	-
A.1 2 Entasi	-	-	-	-	-	-
A.2 OTHERS	**-**	**-**	**42,623**	**-83,519**	**-**	**-**
A.2 1 Trevi Finance	-	-	-	-	-	-
A.2 2 Trevi Finance 2	-	-	-	-	-	-
A.2 3 Trevi Finance 3	-	-	42,623	-83,519	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Non-derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C.1 RMBS Prime	**-**	**-**	**-**	**-**	**-**	**-**
C.1. 1 BIPCA Cordusio RMBS	-	-	-	-	-	-
C.1. 2 Capital Mortgage 2007 - 1	-	-	-	-	-	-
C.1. 3 Cordusio RMBS	-	-	-	-	-	-
C.1. 4 Cordusio RMBS UCFin - Serie 2006	-	-	-	-	-	
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	-	-	-	-	-	-
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	-	-	-	-	-	-
C.1. 7 F-E Mortgages 2003	-	-	-	-	-	-
C.1. 8 F-E Mortgages 2005	-	-	-	-	-	-
C.1. 9 Heliconus	-	-	-	-	-	-
C.2 CLO/SME	**-**	**-**	**-**	**-**	**-**	**-**
C.2. 1 CORDUSIO SME 2008-1 Limited	-	-	-	-	-	-
C.3 CLO/CBO Others	**-**	**-**	**-**	**-**	**-**	**-**
C.3. 1 Euroconnect Issuer LC 2007-1	-	-	-	-	-	

C.1.2 - Exposure resulting from the main “in-house” securitisation transactions broken down by type of securitised asset and by type of exposure (continued)

	AMOUNTS AS AT 12.31.2010					
	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS / EXPOSURE	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**-**	**-**	**129,854**	**-**	**-**	**-**
A.1 CLO/CBO OTHERS	-	-	-	-	-	-
A.1 1 Caesar Finance	-	-	-	-	-	-
A.1 2 Entasi	-	-	-	-	-	-
A.2 OTHERS	-	-	129,854	-	-	-
A.2 1 Trevi Finance	-	-	-	-	-	-
A.2 2 Trevi Finance 2	-	-	-	-	-	-
A.2 3 Trevi Finance 3	-	-	129,854	-	-	-
B. Partially derecognised	-	-	-	-	-	-
C. Non-derecognised	**-**	**-**	**-**	**-**	**30,220**	**-**
C.1 RMBS Prime	**-**	**-**	**-**	**-**	**30,220**	**-**
C.1. 1 BIPCA Cordusio RMBS	-	-	-	-	-	-
C.1. 2 Capital Mortgage 2007 - 1	-	-	-	-	-	-
C.1. 3 Cordusio RMBS	-	-	-	-	-	-
C.1. 4 Cordusio RMBS UCFin - Serie 2006	-	-	-	-	-	-
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	-	-	-	-	-	-
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	-	-	-	-	-	-
C.1. 7 F-E Mortgages 2003	-	-	-	-	20,000	-
C.1. 8 F-E Mortgages 2005	-	-	-	-	-	-
C.1. 9 Heliconus	-	-	-	-	10,220	-
C.2 CLO/SME	**-**	**-**	**-**	**-**	**-**	**-**
C.2. 1 CORDUSIO SME 2008-1 Limited	-	-	-	-	-	-
C.3 CLO/CBO Others	**-**	**-**	**-**	**-**	**-**	**-**
C.3. 1 Euroconnect Issuer LC 2007-1	-	-	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*)

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS / EXPOSURE	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.1 AUGUSTO CL. A2 - 1 em. (^)						
- Public works and mortgage loans	-	-	-	-	5,894	-
A.2 DIOCLEZIANO CL. A2 (^)						
- Public works and mortgage loans	14,685	-	-	-	-	-
A.3 EUROCONNECT ISSUER LC 2007-1 CL. A						
- “Large Corporate” Loans	34,468	-	-	-	-	-
A.4 EUROCONNECT ISSUER LC 2007-1 CL. B						
- “Large Corporate” Loans	-	-	8,330	-	-	-
A.5 EUROCONNECT ISSUER LC 2007-1 CL. C						
- “Large Corporate” Loans	-	-	4,696	-	-	-
A.6 EUROCONNECT ISSUER LC 2007-1 CL. D						
- “Large Corporate” Loans	-	-	4,395	-	-	-
A.7 EUROCONNECT ISSUER SME 2008						
- “Small and Medium Corporate” Loans			3,787	-		
A.8 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	24,723	-	-	-	-	-
A.9 F-E RED CL. A						
- Car / Equipments / Real Estate leasing	1,325,483	-	-	-	-	-
A.10 GELDILUX TS 2007 CL. A						
- Private loans	157,305	-	-	-	-	-
A.11 GELDILUX TS 2008 CL. A1						
- Private loans	14,369	-	-	-	-	-
A.12 GELDILUX TS 2008 CL. A2						
- Private loans	401,145	-	-	-	-	-
A.13 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	81,341	-	4,822	-	-	-
A.14 LOCAT Securitization Vehicle 2						
- Car / Equipments / Real Estate leasing	37,300	-	-	-	5,567	-
A.15 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	23,366	-	16,846	-	-	-
A.16 OTHER 3 EXPOSURES	4,850	-	791	-9	974	-1,742

(*) list of details for exposures over € 3 million.
(^) securitisation ex Fonspa.

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*) (continued)

TYPE OF SECURITISED ASSETS / EXPOSURE	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS
A.1 AUGUSTO CL. A2 - 1 em. (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.2 DIOCLEZIANO CL. A2 (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.3 EUROCONNECT ISSUER LC 2007-1 CL. A						
- "Large Corporate" Loans	-	-	-	-	-	-
A.4 EUROCONNECT ISSUER LC 2007-1 CL. B						
- "Large Corporate" Loans	-	-	-	-	-	-
A.5 EUROCONNECT ISSUER LC 2007-1 CL. C						
- "Large Corporate" Loans	-	-	-	-	-	-
A.6 EUROCONNECT ISSUER LC 2007-1 CL. D						
- "Large Corporate" Loans	-	-	-	-	-	-
A.7 EUROCONNECT ISSUER SME 2008						
- "Small and Medium Corporate" Loans	-	-	-	-	-	-
A.8 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.9 F-E RED CL. A						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.10 GELDILUX TS 2007 CL. A						
- Private loans	-	-	-	-	-	-
A.11 GELDILUX TS 2008 CL. A1						
- Private loans	-	-	-	-	-	-
A.12 GELDILUX TS 2008 CL. A2						
- Private loans	-	-	-	-	-	-
A.13 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.14 LOCAT Securitization Vehicle 2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.15 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.16 OTHER 3 EXPOSURES	-	-	-	-	-	-

(*) list of details for exposures over € 3 million.
(^) securitisation ex Fonspa.

Part E - Risks and Hedging Policies (Continued)

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*) (continued)

TYPE OF SECURITISED ASSETS / EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS
A.1 AUGUSTO CL. A2 - 1 em. (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.2 DIOCLEZIANO CL. A2 (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.3 EUROCONNECT ISSUER LC 2007-1 CL. A						
- “Large Corporate” Loans	-	-	-	-	-	-
A.4 EUROCONNECT ISSUER LC 2007-1 CL. B						
- “Large Corporate” Loans	-	-	-	-	-	-
A.5 EUROCONNECT ISSUER LC 2007-1 CL. C						
- “Large Corporate” Loans	-	-	-	-	-	-
A.6 EUROCONNECT ISSUER LC 2007-1 CL. D						
- “Large Corporate” Loans	-	-	-	-	-	-
A.7 EUROCONNECT ISSUER SME 2008						
- “Small and Medium Corporate” Loans	-	-	-	-	-	-
A.8 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.9 F-E RED CL. A						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.10 GELDILUX TS 2007 CL. A						
- Private loans	-	-	-	-	-	-
A.11 GELDILUX TS 2008 CL. A1						
- Private loans	-	-	-	-	-	-
A.12 GELDILUX TS 2008 CL. A2						
- Private loans	-	-	-	-	-	-
A.13 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.14 LOCAT Securitization Vehicle 2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.15 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.16 OTHER 3 EXPOSURES	-	-	-	-	-	-

(*) list of details for exposures over € 3 million.
(^) securitisation ex Fonspa.

C.1.4 Exposure resulting from securitisation transactions broken down by portfolio and type

EXPOSURE / PORTFOLIO	TRADING	FAIR VALUE OPTION	AVAILABLE FOR SALE	HELD-TO-MATURITY	LOANS	12.31.2010 TOTAL	12.31.2009 TOTAL
1. Balance-sheet exposures	**-**	**-**	**4,818**	**-**	**3,288,204**	**3,293,022**	**8,805,406**
- Senior	-	-	240	-	2,227,934	2,228,174	7,677,325
- Mezzanine	-	-	4,578	-	783,481	788,059	865,286
- Junior	-	-	-	-	276,789	276,789	262,794
2. Off-balance-sheet exposures	**-**	**-**	**-**	**-**	**129,854**	**129,854**	**704,768**
- Senior	-	-	-	-	-	-	-
- Mezzanine	-	-	-	-	129,854	129,854	704,768
- Junior	-	-	-	-	-	-	-

C.1.5 Securitised assets underlying junior securities or other forms of credit support

ASSET/SECURITIES	AMOUNT	
	TRADITIONAL	SYNTHETIC
A. Own underlying assets:	**10,145,887**	**1,561,502**
A.1 Totally derecognised	**1,104,862**	**X**
1. Non-performing loans	869,550	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	235,312	X
A.2 Partially derecognised	**-**	**X**
1. Non-performing loans	-	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	-	X
A.3 Non-derecognised	**9,041,025**	**1,561,502**
1. Non-performing loans	97,388	85,596
2. Doubtful loans	194,442	75,548
3. Restructured exposures	-	6,304
4. Past-due exposures	8,231	11,638
5. Other assets	8,740,964	1,382,416
B. Third party underlying assets:	**11,793**	**-**
B.1 Non-performing loans	81	-
B.2 Doubtful loans	485	-
B.3 Restructured exposures	-	-
B.4 Past-due exposures	-	-
B.5 Other assets	11,227	-

C.1.6 Stakes in special purpose vehicles

NAME	HEADQUARTERS	STAKE %
Augusto S.r.L.	Milano - Via Pontaccio, 10	5%
Colombo S.r.L.	Milano - Via Pontaccio, 10	5%
Diocleziano S.r.L	Milano - Via Pontaccio, 10	5%
Entasi S.r.l.	Roma - Largo Chigi 5	100%
Eurofinance 2000 S.r.l.	Roma - Largo Chigi 5	100%
Trevi Finance S.p.A.	Conegliano (TV) - via Vittorio Alfieri, 1	60%
Trevi Finance n. 2 S.p.A.	Conegliano (TV) - via Vittorio Alfieri, 1	60%
Trevi Finance n. 3 S.r.l.	Conegliano (TV) - via Vittorio Alfieri, 1	60%

Part E - Risks and Hedging Policies (Continued)

C.1.7 Servicer activities – Collections of securitised loans and redemptions of securities issued by the special purpose vehicle

		SECURITISED ASSETS (YEAR END FIGURES)		LOANS COLLECTED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED (YEAR END FIGURES)					
						SENIOR		MEZZANINE		JUNIOR	
SERVICER	SPECIAL PURPOSE VEHICLE	IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS
UniCredit S.p.A.	Capital Mortgage S.r.L.	112,240	2,101,978	1,820	261,018	-	42.40%	-	-	-	-
	Cordusio RMBS S.r.L.	15,216	1,021,778	940	297,879	-	69.23%	-	-		
	Cordusio RMBS Securitisation S.r.L.	74,463	3,507,076	2,381	630,651	-	54.47%	-	-	-	-
	Cordusio RMBS UCFin S.r.L.	46,037	1,286,600	1,218	236,227	-	51.11%	-	-	-	-
	F-E Mortgage S.r.L.	45,318	677,374	3,127	120,088	-	68.27%	-	-	-	-
	Heliconus S.r.L.	6,789	146,157	506	26,213	-	71.28%	-	-	-	-
	Trevi Finance S.p.A.	324,825	-	46,269	-	100.00%	-	63.18%	-	-	-
	Trevi Finance n. 2 S.p.A.	218,303	-	47,250	-	100.00%	-	-	-	-	-
	Trevi Finance n. 3 s.p.A.	326,422	180,231	47,434	-	100.00%	-	-	-	-	-
	Entasi S.r.L.	-	668,153	-	5,801	-	-	-	-	-	-

C.2 Sales transactions

C.2.1 Financial assets sold and not derecognised

	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS			AVAILABLE FOR SALE FINANCIAL ASSETS			HELD-TO-MATURITY INVESTMENTS		
TYPE / PORTFOLIO	A	B	C	A	B	C	A	B	C	A	B	C
A. Balance-sheet assets	**3,462,624**	**-**	**-**	**-**	**-**	**-**	**12,891,694**	**-**	**-**	**3,398,724**	**-**	**-**
1. Debt securities	3,462,624	-	-	-	-	-	12,891,694	-	-	3,398,724	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X
3. Ucis	-	-	-	-	-	-	-	-	-	X	X	X
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total 12.31.2010	**3,462,624**	**-**	**-**	**-**	**-**	**-**	**12,891,694**	**-**	**-**	**3,398,724**	**-**	**-**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total 12.31.2009	**814,278**	**-**	**-**	**-**	**-**	**-**	**1,421,946**	**-**	**-**	**1,278,567**	**-**	**-**

C.2.1 Financial assets sold and not derecognised (continued)

	LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS			TOTAL	
TYPE / PORTFOLIO	A	B	C	A	B	C	12.31.2010	12.31.2009
A. Balance-sheet assets	**1,282,509**	**-**	**-**	**9,041,025**	**-**	**-**	**30,076,577**	**13,040,155**
1. Debt securities	1,282,509	-	-	-	-	-	21,035,551	13,040,155
2. Equity securities	X	X	X	X	X	X	-	-
3. Ucis	X	X	X	X	X	X	-	-
4. Loans	-	-	-	9,041,025	-	-	9,041,025	-
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
of which impaired	-	-	-	-	-	-	-	-
Total 12.31.2010	**1,282,509**	**-**	**-**	**9,041,025**	**-**	**-**	**30,076,577**	**-**
of which impaired	-	-	-	*300,062*	-	-	*300,062*	-
Total 12.31.2009	**9,525,364**	**-**	**-**	**-**	**-**	**-**	**-**	**13,040,155**

LEGEND:
A = Financial assets sold and fully recognised (carrying value)
B = Financial assets sold and partially recognised (carrying value)
C = Financial assets sold and partially recognised (total value)

Loans (A.4) are assets sold and not derecognized under securitizations (see A.3 table C.1.5).
Debt securities (A.1) are underlyings of repos.

C.2.2 Financial liabilities relating to financial assets sold and not derecognised

LIABILITIES / ASSET PORTFOLIOS	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	AVAILABLE FOR SALE FINANCIAL ASSETS	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES WITH BANKS	LOANS AND RECEIVABLES WITH CUSTOMERS	TOTAL
1. Deposits from customers	**3,381,377**	**-**	**10,171,246**	**2,105,974**	**1,242,772**	**6,839,285**	**23,740,654**
a) relating to fully recognised assets	3,381,377	-	10,171,246	2,105,974	1,242,772	6,839,285	23,740,654
b) relating to partially recognised assets	-	-	-	-	-	-	-
2. Deposits from Banks	**83,871**	**-**	**2,785,706**	**1,244,132**	**-**	**-**	**4,113,709**
a) relating to fully recognised assets	83,871	-	2,785,706	1,244,132		-	4,113,709
b) relating to partially recognised assets	-	-	-	-	-	-	-
Total 12.31.2010	**3,465,248**	**-**	**12,956,952**	**3,350,106**	**1,242,772**	**6,839,285**	**27,854,363**
Total 12.31.2009	**735,875**	**-**	**1,341,831**	**1,322,294**	**9,623,185**	**-**	**13,023,185**

C.3 Covered bond transactions

In 2008 UniCredit S.p.A. initiated a Covered Bond *(OBG* or *Obbligazioni Bancarie Garantite)* Program with residential mortgage loans as the underlying assets, in line with Banca d'Italia instructions dated May 17, 2007 the MEF decree dated December 14, 2006 and the no. 130 dated April, 30, 1999 Law 130/99.

Under this program
- UniCredit S.p.A. is issuer and, following the implementation of the ONE4C project "One for Clients" (for more information, see the Report on Operations), also acts as transferor of suitable assets and servicer, with the latter functions performed by UniCredit Family Financing Bank S.p.A. until November 1, 2010,
- UniCredit BpC Mortgage s.r.l. (a special purpose vehicle set up within the banking group as authorized by Banca d'Italia) is guarantor of the OBG holders, within the limits of the cover pool and
- The auditing firm Mazars & Guerard S.p.A. is Asset Monitor.

UniCredit's main aims in issuing OBGs are to diversify its funding sources and fund at competitive rates. As with the securitizations, the difficulties in the markets made it advisable to use securitization as a means of increasing the counterbalancing capacity by retaining the securities issued by the vehicle.

An integral feature of OBG Program management is maintaining a balance between the characteristics of the assets sold and the issues. This is necessary to maintain the efficacy of the guarantee given by the SPV to the bondholders.

Given the complexity of the transaction, a system of first- and second-level controls and procedures has been set up, as required by Banca d'Italia instructions, to identify units, functions, duties and responsibilities, and specific policies have been issued to this end.

The policies were as approved by the competent committees, the Statutory Auditors and the Board of Directors of UniCredit S.p.A..

As required by Banca d'Italia instructions on controls:

a) Risk Management function is charged with the management of the issuer's risks and checks:
   - the quality, suitability and integrity of the assets sold to guarantee the OBGs
   - that the maximum ratio of OBGs issued to assets sold to guarantee them is adhered to
   - that limits on sales and supplementary sales procedures are followed
   - the effectiveness and adequacy of the hedges provided by any derivatives contracts entered into in relation to the Program and
   - the trend in the balance between the cash flow arising from the cover pool and that absorbed by the OBGs in issue.

b) The Asset Monitor is an outside independent entity charged with checking at least annually the regularity of the transactions and the integrity of the guarantee to the bondholders.

c) Internal audit department is responsible for a complete audit (to be conducted at least once a year of the adequacy of the controls performed.

d) The results of the audits performed by the Asset Monitor and the issuer's internal audit department are submitted to the governing bodies.

At December 2010 seven covered bond tranches had been issued for a total amount of €8.15 billion, of which €2.4 billion bought by UniCredit S.p.A,

Part E - Risks and Hedging Policies (Continued)

NAME	COVERED BOND (OBBLIGAZIONI BANCARIE GARANTITE)
Originator:	UniCredit S.p.A. (ex UniCredit Family Financing Bank S.p.A.)
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding
Type of asset:	Private Mortgage loans
Quality of Asset:	performing
Book value of the underlying assets at the end of accounting period:	10,917,250,751
Covered Bonds issued at the end of accounting period:	8,150,000,000
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV two subordinated loans of total 12,039,325,149 euro.
Rating Agencies:	S & P - Moody's - Fitch
Rating:	Aaa - AAA - AAA

Information on Structured Credit Products and OTC Derivatives

The deterioration of US subprime loans was one of the main causes of the financial markets crisis, which started in the 2007 second half.

This deterioration caused a general widening of credit spreads and a gradual transformation of the securitized credits market into an illiquid market characterized by forced sales.

Given this situation the market's need for information on the exposures held by banks increased with structured credit products being traded directly or through SPVs.

This need was advocated also by several international and Italian organisms and regulators (viz., the Financial Stability Board, the CEBS – Committee of European Banking Supervisors, Banca d'Italia and CONSOB) which asked banks to increase their disclosure based on a proposal deriving from the analysis of the best practices on disclosure and reporting.

Starting with its Consolidated First Half 2008 Report, the UniCredit Group therefore provided this information, which has been updated to December 31, 2010 in Part (E) of the Notes to the Consolidated Accounts, which please see for details.

Please see Section C.1 above for information on the Company's activity as originator and investor in securitizations.

The Company does not hold either other exposures towards SPEs in addition to those reported in the section mentioned above or financial instruments having as underlying US residential mortgages, either prime, subprime or Alt-A.

Information on OTC derivatives with Customers follows.

Trading Derivatives with Customers

The business model governing derivatives trading with customers provides for centralization of market risk in the CIB Division, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:

- by the Italian commercial banks that close transaction in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risk. Under these transactions, the commercial banks transfer their market risks to the CIB Division by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g., structured bonds);
- by the CIB Division operating with large corporates and financial institutions, in respect of which it assumes and manages both market and counterparty risk;

UniCredit Group trades OTC derivatives on a wide range of underlyings, e.g.: interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for personalization: new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risks arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO) in the Parent and/or in the Division or subsidiary involved. This control is carried out by means of guidelines and policies covering risk management, measurement and control in terms of principles, rules and processes, as well as by setting VaR limits.

This business with non-institutional clients does not entail the use of margin calls, whereas with institutional counterparties (dealt with by the CIB Division) recourse may be made to credit risk mitigation techniques, for example "netting" and/or collateral agreements.

Write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:

- performing exposure to non-institutional clients of the Italian commercial banks is valued in terms of PD (Probability of Default) and LGD (Loss Given Default), in order to obtain a value in terms of 'expected loss' to be used for items designated and measured at fair value;
- non-performing positions are valued in terms of estimated expected future cash flow according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

Referring to write-downs and write-backs of derivatives to take account of counterparty risk totaled, no significant effects have affected 2010 Profit&Loss.

Here follows the breakdown of balance-sheet asset item 20 "Financial assets held for trading" and of balance-sheet liability item 40 "Financial liability held for trading".

To make the distinction between customers and banking counterparties, the definition contained in Banca d'Italia Circular No. 262 of December 22, 2005 (which was used for the preparation of the accounts) was used as a reference.

Structured products were defined as derivative contracts that incorporate in the same instrument forms of contracts that generate exposure to several types of risk (with the exception of cross currency swaps) and/or leverage effects.

The balance of item 20 "Financial assets held for trading" with regard to derivative contracts totaled €6,492 million (with a notional value of €191,507 million) including €3,540 million with customers. The notional value of derivatives with customers amounted to €49,521 million including €49,155 million in plain vanilla (with a fair value of €3,516 million) and €365 million in structured derivatives (with a fair value of €24 million). The notional value of derivatives with banking counterparties totaled €141,986 million (fair value of €2,952 million) including €7,584 million related to structured derivatives (fair value of €308 million).

The balance of item 40 "Financial liabilities held for trading" of the separate accounts with regard to derivative contracts totaled €6,847 million (with a notional value of €228,552 million) including €1,674 million with customers. The notional value of derivatives with customers amounted to €47,899 million including €47,865 million in plain vanilla (with a fair value of €1,668 million) and €34 million in structured derivatives (with a fair value of €6 million). The notional value of derivatives with banking counterparties totaled €180,653 million (fair value of €5,173 million) including €11,321 million related to structured derivatives (fair value of €403 million).

D. Credit risk measurement models

Financial year 2010 shows an expected loss on the credit risk perimeter of 0.68% of total Group credit exposure. This trend is mitigated by the exposures which migrate to default and therefore do not enter in the calculation of expected loss.

During financial year 2010 the Group completed the re-estimation of the Credit Portfolio Model, in order to adapt it to the different geographic areas, both internal and abroad where the Group operates. As of 31 December 2010, Group diversified economic capital on the credit portfolio totaled 3.23% of total group credit exposures.

Part E - Risks and Hedging Policies (Continued)

Section 2 - Market risks

Generally speaking, banks' market risks are due to price fluctuations or other market risk factors affecting the value of positions on its own books, both the trading book and the banking book, i.e. those arising from business operations and strategic investment decisions. UniCredit Group's market risk management includes, therefore, all activities relating to cash and capital structure management, both in the Parent and in the individual Group companies.

The Parent monitors risk positions at the Group level. The individual Group companies, UniCredit S.p.A. included, monitor their own risk positions, within the scope of their specific responsibilities, in line with UniCredit Group supervision policies.

The individual companies produce detailed reports on business trends and related risks on a daily basis, forwarding market risk documentation to the Parent company.

The Parent's Group Market Risk unit is responsible for aggregating this information and producing information on overall market risks.

Organizational Structure

The Parent's Board of Directors lays down strategic guidelines for taking on market risks by calculating capital allocation for the Parent company and its subsidiaries, depending on propensity for risk and value creation objectives in proportion to risks assumed.

The Parent's Risks Committee provides advice and recommendations in respect of decisions taken by the Chief Executive Officer and in drawing up proposals made by the Chief Executive Officer to the Board of Directors with regard to the following:

- the Group's risk appetite, including capitalization objectives, capital allocation criteria, risk-taking capacity, cost of equity and dividends policy, as well as internal capital limits;
- general strategies for the optimization of risks, general guidelines and general policies for Group risk management
- internal models for measuring all types of risks to calculate regulatory capital
- structure of limits by type of risk
- strategic policies and funding plans.

Similarly, it decides on the following:

- the definition of guidelines relative to Group financial policies (asset and liability management strategies, including the Group-wide duration profile)
- the allocation of risk to the Business Units and to the Entities (UniCredit S.p.A. included), specific risk-related guidelines and strategies and consequently setting of limits for achieving objectives in terms of risk appetite and limits by type of risk
- methods for the measurement and control of the Group's aggregate risks (deriving from the aggregation of individual types of risk)
- guidelines, policies and strategies for real estate risk, financial investment risk and business risk
- intervention plans in the event of critical aspects shown in the initial validation reports and over time;
- topics involving the implementation of Basel 2 standards, as well as the respective project and process activities.

The Risk Committee comprises the following members: the Chief Executive (Chair of the Committee), the Deputy General Managers, the Chief Risk Officer (chairs the Committee in the absence of the Chief Executive) and the Chief Financial Officer, the Legal & Compliance Officer, the CEE Division Program Officer, and the Human Resources Officer. The Head of the Group Internal Audit Department also attends meetings of the Risk Committee, but is not entitled to vote.

In June 2009, the Board of Directors approved the Group Risk Management reorganization guidelines, with the following objectives:

- improvement of directing, coordinating and control activities for some aggregate risks (so-called "Portfolio Risk"), through dedicated responsibility centers ("Portfolio Risk Managers") focusing and specializing entirely on the abovementioned risks, from a Group and cross-divisional standpoint;
- maintaining consistency with the Group business model, ensuring clear specialization and focus – from a purely transactional point of view – of specific centers of responsibility on risks originating with the Group functions assigned to assume risk, at the same time keeping these "centers of responsibility" ("Transactional Risk Managers") completely independent from the functions assigned to assume risk (e.g. Business Units, Cash Management functions, Asset Management, and CEE Countries).

With reference to Market Risk in particular, the "Markets & Balance Sheet Risks Portfolio Management" department was created, responsible for supervising and managing the overall profile for market risk and Group balance sheet and cash management by setting all the respective strategies, methodologies and limits.

The aforesaid department interfaces in turn and cooperates for market risk monitoring purposes with the so-called "Transactional" level functions responsible for all risks (market, but also credit and operational risk) originating with the relevant Strategic Business Areas (SBAs)/Divisions (CIB&PB, Retail, Treasury, Asset Management and CEE).

The same department "Markets & Balance Sheet Risks Portfolio Management" is in charge of measuring, managing market risk specifically for Unicredit S.p.A.

As part of the market risk reorganization described above, the structure of the Committees responsible for market risk was reviewed. This structure has three levels:
• First-level Committees;
  - Group Risk Committee
• Second-level Committees;
  - Group Market Risk Committee
  - Group Asset & Liabilities Committee
• Third-level Committees;
  - Group Transactional Markets Committee

In general, the Parent company proposes limits and investment policies for the Group and its entities, including Unicredit S.p.A., in harmony with the capital allocation process when the annual budget is drawn up.

In addition, the Parent's Asset and Liability Management unit, in coordination with other regional liquidity centers, manages strategic and operational ALM, with the objective of ensuring a balanced asset position and the operating and financial sustainability of the Group's growth policies on the loans market, optimizing the Group's exchange rate, interest rate and liquidity risk.

In 2010, the Group continued to develop and expand existing models with the aim of achieving increasing accuracy in the representation of the Group's risk profiles for portfolios of complex financial products.

Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading Book

Within the organizational context described above, the policy implemented by the UniCredit Group within the scope of market risk management - and so, specifically, in managing interest rate risk - is aimed at the gradual adoption and use of common principles, rules and processes in terms of appetite for risk, ceiling calculations, model development, pricing and risk model scrutiny.

Group Market & Balance Sheet Risks Portfolio Department is specifically required to ensure that principles, rules and processes are in line with industry best practice and consistent with standards and uses in the various countries in which they are applied.

The main tool used to measure market risk on trading positions is Value at Risk (VaR), calculated using the Historical simulation method (new IMOD).

The Historical simulation method provides for the daily revaluation of positions on the basis of trends in market prices over an appropriate observation period. The empirical distribution of profits/losses deriving there from is analyzed to determine the effect of extreme market movements on the portfolios. The distribution value at the percentile corresponding to the fixed confidence interval represents the VaR measurement. The parameters used to calculate the VaR are as follows: 99% confidence interval; 1 day time horizon; daily update of time series; observation period of 500 days. Use of a 1-day time-horizon makes it possible to make an immediate comparison between profits/losses realized.

New IMOD is in use for risk steering purposes, while no recourse is made to the internal model for calculating capital requirements regarding trading positions.

Trading portfolios are subject to Stress Tests according to a wide range of scenarios for managerial reporting, which are described in paragraph 2.8 below.

As for internal scenario analysis policies and procedures (i.e. "stress testing"), these procedures have been entrusted to the individual legal entities. Overall, however, a set of scenarios common to the Group as a whole, is applied to all positions in order to check on a monthly basis the potential impact that their occurrence could have on the global trading portfolio.

Shown below are the VaR data on the market risk for the trading book in UniCredit S.p.A.. For Unicredit S.p.A., exposure to market risk in the trading book is not very volatile and residual compared to banking book.

Risk on trading book December 31, 2010

Daily VaR on Trading Book

(€ million)

		2010			2009
	12.31.2010	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	2.5	2.6	4.0	1.5	3.9

Part E - Risks and Hedging Policies (CONTINUED)

2.1 Interest Rate Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General information
Interest rate risk arises from financial positions taken by specialist desks holding assigned market risk limits within certain levels of discretion. Apart from use of internal models in calculating capital requirements on market risks, risk positions are monitored and subject to limits assigned to the portfolios on the base of managerial responsabilities and not purely on regulatory criteria.

B. Risk Management Processes and Measurement Methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer also to introduction on internal models.

2.2 Interest Rate Risk - Banking Book

QUALITATIVE INFORMATION

A. General aspects, operational processes and methods for measuring interest rate risk
Interest rate risk consists of changes in interest rates that are reflected in:
• interest income sources, and thus, the bank's earnings (cash flow risk);
• the net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

The Group measures and monitors this risk within the framework of a banking book interest rate risk policy that establishes consistent methodologies and models and limits or thresholds to focus on with regard to the sensitivity of net interest income and the Group's economic value.

Interest rate risk has an impact on all owned positions resulting from business operations and strategic investment decisions (banking book).

At December 31, 2010, the sensitivity of interest income of UniCredit S.p.A. to an immediate and parallel shift of +100bps was +€110 million (and -€96.7 million for a shift of -100bps).

The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200 bp was € 509.2 million at December 31, 2010.

The above managerial figures include modeled sensitivity estimates for assets and liabilities with well not defined maturities, such as sight and savings deposits.

The main sources of interest rate risk can be classified as follows:
• repricing risk - the risk resulting from timing mismatches in maturities and the repricing of the bank's assets and liabilities; the main features of this risk are:
  - yield curve risk - risk resulting from exposure of the bank's positions to changes in the slope and shape of the yield curve;
  - basis risk - risk resulting from the imperfect correlation in lending and borrowing interest rate changes for different instruments that may also show similar repricing characteristics;
• optionality risk - risk resulting from implicit or explicit options in the Group's banking book positions.

Some limits have been set out, in the above described organization, to reflect a risk propensity consistent with strategic guidelines issued by the Board of Directors. These limits are defined in terms of VaR (calculated using the methodology described above in relation to the trading portfolio), Sensitivity or Gap Repricing. UniCredit S.p.A., like each of the Group's banks or companies, assumes responsibility for managing exposure to interest rate risk within its specified limits. Both micro- and macro-hedging transactions are carried out for this purpose.

At the consolidated level, Group HQ's Asset Liability Management Unit takes the following measures:
• It performs operating sensitivity analysis in order to measure any changes in the value of shareholders' equity based on parallel shocks to rate levels for all time buckets along the curve;
• Using static gap analysis (i.e., assuming that positions remain constant during the period), it performs an impact simulation on interest income for the current period by taking into account different elasticity assumptions for demand items;
• It analyses interest income using dynamic simulation of shocks to market interest rates;
• It develops methods and models for better reporting of the interest rate risk of items with no contractual maturity date (i.e., demand items).

Group Risk Management performs second-level controls on the above mentioned analyses.

The Market and Balance Sheet Risks Portfolio Management Area sets interest rate risk limits using VaR methodologies and verifies compliance with these limits on a daily basis.

B. Fair value hedging operations

Hedging strategies aimed at complying with interest rate risk limits for the banking portfolio are carried out with listed or unlisted derivative contracts, and the latter, which are commonly interest rate swaps, are the type of contracts used the most.

Macro-hedging is generally used, meaning hedges related to the amounts of cash contained in asset or liability portfolios. Under certain circumstances, the impact of micro-hedges related to securities issued or individual financial assets are recognized (especially when they are classified in the available-for-sale portfolio).

C. Cash flow hedging operations

In certain instances, cash flow hedging strategies are also used as an alternative to fair value hedging strategies in order to stabilize income statement profits in the current and future years. Macro-hedging strategies are mainly used and they may also refer to the interest rate risk of the core portion of financial assets "on demand."

Part E - Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities and financial derivatives - *Denomination currency: EURO*

	AMOUNTS AS AT 12.31.2010							
TYPE / MATURITY	ON DEMAND	UP TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED TERM
1. Balance-sheet assets								
1.1 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	1	9,242,529	3,504,133	4,192,952	11,204,622	4,216,883	2,297,587	-
1.2 Loans to banks	1,402,912	19,009,593	204,760	364,971	92,886	155,299	-	-
1.3 Loans to customers								
- current accounts	36,956,919							-
- other loans								
- with prepayment option	40,074,619	39,726,918	9,244,449	2,453,872	11,001,954	6,284,785	12,547,171	-
- other	41,075,423	31,762,869	2,791,549	1,492,540	3,852,346	5,647,560	688,048	
2. Balance-sheet liabilities								
2.1 Deposits from customers								
- current accounts	107,199,107	1,165,618	-	7,561	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	12,691,847	29,429,747	1,565,137	264,013	815,673	60,511	374,314	-
2.2 Deposits from banks								
- current accounts	1,680,206	-	-	-	-	-	-	-
- other loans	7,653,642	16,369,233	5,324,618	1,941,432	49,240	17,196	299,166	-
2.3 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	3,083,236	56,353,272	10,778,479	9,943,055	22,306,482	7,649,057	1,564,553	-
2.4 Other liabilities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	35,535	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying securities								
- Options								
+ long positions	-	-	-	-	3,392	-	-	-
+ short positions	35,535	-	-	-	3,392	-	-	-
- Other								
+ long positions	-	-	-	163,141	451,693	32,324	-	-
+ short positions	-	21,007	-	742,693	1,475,099	960,922	-	-
3.2 Without underlying security								
- Options								
+ long positions	-	20,117	4,962	150,209	237,107	36,689	11,835	-
+ short positions	-	-	4,962	150,209	238,183	43,027	24,538	-
- Other								
+ long positions	536,218	114,935,063	8,866,664	6,785,565	54,798,431	19,286,709	4,265,514	-
+ short positions	9,255,008	131,814,637	12,097,775	5,353,454	37,036,505	11,872,596	8,172,676	-

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities and financial derivatives
- *Denomination currency:* ***USD***

TYPE / MATURITY	AMOUNTS AS AT 12.31.2010							
	ON DEMAND	UP TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED TERM
1. Balance-sheet assets								
1.1 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	1,420	3,203	-	140,268	9,492	112,376	-
1.2 Loans to banks	123,216	898,496	68,288	201,080	134,547	-	-	-
1.3 Loans to customers								
- current accounts	56,143	6,884	405	-	-	-	-	-
- other loans								
- with prepayment option	117,845	36,295	7,113	261	-	160	-	-
- other	353,991	1,514,977	782,393	25,793	73,863	18,447	52	-
2. Balance-sheet liabilities								
2.1 Deposits from customers								
- current accounts	989,293	50,744	-	-	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	197	893,026	96,792	16,724	-	-	-	-
2.2 Deposits from banks								
- current accounts	275,171	-	-	-	-	-	-	-
- other loans	2,432,231	5,461,858	120,145	61,415	449,704	1,027,806	-	-
2.3 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	7,527,193	506,929	177,971	41,655	-	-	-
2.4 Other liabilities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying securities								
- Options								
+ long positions	-	-	-	-	3,600	-	-	-
+ short positions	-	-	-	-	3,600	-	-	-
- Other								
+ long positions	-	23,200	-	224,518	100,332	-	-	-
+ short positions	-	658	-	-	175,408	8,232	-	-
3.2 Without underlying security								
- Options								
+ long positions	-	-	4,140	8,470	37,063	-	-	-
+ short positions	-	-	4,140	8,470	37,063	-	-	-
- Other								
+ long positions	-	10,150,978	165,559	255,134	508,906	561,293	-	-
+ short positions	-	10,779,952	423,692	66,390	290,699	28,483	12,687	-

Part E - Risks and Hedging Policies (Continued)

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities and financial derivatives
- *Denomination currency:* *Other currencies*

	AMOUNTS AS AT 12.31.2010							
TYPE / MATURITY	ON DEMAND	UP TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED TERM
1. Balance-sheet assets								
1.1 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	29,859	-		3	-	29,035	-
1.2 Loans to banks	196,620	187,963	31,583	146,226	-	468	-	-
1.3 Loans to customers								
- current accounts	5,247	-	-	-	-	-	-	-
- other loans								
- with prepayment option	1,628	28,515	28	-	126	-	-	-
- other	2,389	657,387	105,423	7,122	41,475	1,080	-	-
2. Balance-sheet liabilities								
2.1 Deposits from customers								
- current accounts	145,351	218,202	-	2,725	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	21,961	721,562	106,468	-	349,478	-	-	-
2.2 Deposits from banks								
- current accounts	98,865	-	-	-	-	-	-	-
- other loans	173,009	1,805,677	500,248	1,291	-	244,204	-	-
2.3 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	2,323,065	533,180	187,886		563,999	-	-
2.4 Other liabilities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying securities								
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	4,508	-	-	-	-
- Other								
+ long positions	-	-	-	412,960	1,258,066	809,253	-	-
+ short positions	-	-	-	144,970	331,515	23,236	-	-
3.2 Without underlying security								
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other								
+ long positions	547	5,752,740	847,505	261,629	1,243,367	809,253	-	-
+ short positions	-	2,146,111	498,001	145,152	331,702	23,236	-	-

This distribution is made on the basis of the period between the balance sheet date and the first following yield review date.

For fixed-rate transactions the residual life is the period from the balance sheet date to final maturity.

On balance sheet items are disclosed at their carrying value.

Derivatives are shown, under the double entry method, at settlement value for those with underlying securities and at the notional value for those without underlying securities.

Options are shown at their delta equivalent value.

Bank portfolio: internal models and other sensitivity analysis methodologies

2.3 - Price Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General Information
As described above, price risk relating to equities, commodities, investment funds and related derivative products included in the trading book, originates from positions taken by Group specialist centers holding assigned market risk limits within certain levels of discretion.

Price risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTCs and recourse to security lending. Volatility trading strategies are implemented using options and complex derivatives.

B. Risk Management Processes and Measurement Methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

2.4 Price Risk - Banking Book

QUALITATIVE INFORMATION

A. General Aspects, Price Risk Management Processes and Measurement Methods

Banking book price risk primarily originates in equity interests held by the Parent company and its subsidiaries as a stable investment, as well as units in mutual investment funds not included in the trading book in so far as they are also held as a stable investment.

As far as these last instruments are concerned, internal price risk management and measurement processes are in line with what has already been represented for the regulatory trading book.

2.5 - Exchange Rate Risk

QUALITATIVE INFORMATION - REGULATORY TRADING BOOK

A. General Information, Risk Management Processes and Measurement Methods
As described above, risk relating to exchange rates and related derivative products included in the trading book, originates from positions taken by specialist centers holding assigned market risk limits within certain levels of discretion.

Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC. Volatility trading strategies are implemented using options.

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

QUALITATIVE INFORMATION - BANKING BOOK

A. General Aspects, Exchange Rate Risk Management Processes and Measurement Methods
As it has already been said in the introduction, exchange rate risk also originates from positions taken by specialist centers holding assigned market risk limits within certain levels of discretion.

Exchange risk originates from currency trading activities performed through the negotiation of the various market instruments, and is constantly monitored and measured by using internal models developed by group companies. These models are, in addition, used to calculate capital requirements on market risks corresponding to this type of risk.

Part E - Risks and Hedging Policies (Continued)

B. Hedging Exchange Rate Risk

The Parent company implements a policy of hedging profits created by the Group's Polish subsidiaries (which constitute the main subsidiaries not belonging to the euro zone), as well as dividends relating to the previous year.

This hedging policy is implemented using foreign exchange derivative products aimed at protecting against fluctuations in the Euro/Zloty exchange rate.

QUANTITATIVE INFORMATION

1. Distribution of assets, liabilities and derivatives by currency

	AMOUNTS AS AT 12.31.2010					
	CURRENCIES					
ITEMS	US DOLLAR	GB POUND	SWISS FRANC	YEN	ZLOTY	OTHER CURRENCIES
A. Financial assets						
A.1 Debt securities	266,995	58,503	-	-	-	-
A.2 Equity securities	84,732	23	687	-	-	-
A.3 Loans to banks	1,973,914	136,577	200,993	32,403	35,261	275,123
A.4 Loans to customers	3,293,165	205,454	264,862	167,817	3,000	235,154
A.5 Other financial assets	19	-	-	-	-	-
B. Other assets	180,423	34,106	15,028	17,002	434	34,521
C. Financial liabilities						
C.1 Deposits from banks	9,807,240	1,665,027	191,591	264,056	30,405	669,843
C.2 Deposits from customers	2,184,507	1,325,015	188,089	5,045	6,942	65,287
C.3 Debt securities in issue	8,524,614	3,380,194	81,088	110,446	16,352	14,699
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	432,809	90,906	13,609	16,560	710	11,296
E. Financial derivatives						
- Options						
+ Long positions	389,839	42,141	-	741	-	-
+ Short positions	389,842	42,141	-	744	-	-
- Other derivatives						
+ Long positions	38,153,504	7,331,541	1,505,118	594,681	478,072	982,652
+ Short positions	23,497,145	1,373,387	1,543,700	449,629	461,550	753,300
Total assets	**44,342,591**	**7,808,345**	**1,986,688**	**812,644**	**516,767**	**1,527,450**
Total liabilities	**44,836,157**	**7,876,670**	**2,018,077**	**846,480**	**515,959**	**1,514,425**
Difference (+/-)	**(493,566)**	**(68,325)**	**(31,389)**	**(33,836)**	**808**	**13,025**

2.7 - Credit Spread Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General Information

As described above, risk relating to credit spreads and related credit derivative products included in both trading book and banking book, originates from positions taken by specialist centers holding assigned market risk limits within certain levels of discretion.

Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC.

B. Risk Management Processes and Measurement Methods

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

2.8 Stress Tests

Stress Tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. Stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

What follows contains the description and the results of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors. For both description and results of simple scenarios, please refer to paragraphs 2.1, 2.3, 2.5, 2.7.

"Greece Default" Scenario

The Greece Default scenario was introduced at the beginning of 2010 as a consequence of the growing worries about the prospect of the current Greece crisis possibly forcing Greek Sovereign debt to default. As a consequence of Greece Sovereign Debt Default, European Peripheral Countries' Sovereign Debt is expected to suffer the most vis-à-vis other EU countries. CEE countries and Turkey are assumed to be put under severe pressure. Flight to quality is foreseen especially towards Germany and US Govt Debts. To account for the low liquidity in the market, the time horizon for this scenario was extended to cover a period of one quarter.

In terms of macro-economic variables, this scenario assumes:

- Credit Spreads are expected to deteriorate substantially across the board (rating/sector) with low credit ratings assumed to be hit the most;
- European Stock markets to plunge (fall); this would combine with an increase in equity volatilities. US markets instead are expected to slightly gain;
- USD interest rate curve is expected to steepen while EUR interest rate curve is expected to flatten. In this scenario, an increase in interest rate volatilities is also assumed;
- USD is expected to appreciate, mostly against EUR.

Sovereign Debt Tension Scenario

In this scenario, introduced in June 2010, we envisage the occurrence of an escalation of the sovereign debt crisis. In some European countries (e.g. Spain), concerns about the vulnerability of banks and about the solvency of government may eventually feed on each other in a potentially explosive combination. In a Eurozone-wide dimension, stress on the sovereign debt markets of the so-called peripheral countries poses a threat to the balance sheets of many banks in other European countries. In such a scenario, the EMU sovereign debt crisis would have spillover effects on the US economy as well and the flight-to-quality would lead to a further bond rally on both sides of the Atlantic. In terms of financial market variables, this scenario assumes:

- Credit Spreads: as for sovereign, higher risk aversion would imply a tightening of core issuers versus swap, while periphery would be under massive pressure. In general, credit spreads would shoot up close to levels seen during Lehman, with Financials most severely hit
- World Stock markets to plunge (fall); this would combine with an increase in equity volatilities;
- USD and EUR interest rate curve are expected to flatten. In this scenario, an increase in interest rate volatilities is also assumed;
- USD is expected to appreciate, mostly against EUR; depreciation of CEE currencies against EUR.

Widespread Contagion Scenario

This scenario, introduced in December 2010, assumes an escalation of the debt crisis towards a systemic level, with severe contagion spreading to Spain and Italy. Large-scale ECB government bond buying is not able to stop the widening of sovereign spreads leading to severe disruption in the eurozone financial markets and a consequent massive tightening in financial conditions area-wide.

The financial shock is amplified due to the strong linkages between eurozone countries and causes a deeper recession than the one envisaged under the Sovereign Tension scenario. Outside the eurozone, financial conditions tighten as well, but the magnitude of market stress is not enough to trigger a full-blown recession.

This scenario assumes, for the macro-economic variables, the following changes:

- ECB reacts lowering the refi rate by 50bp and EUR/USD mid/long term rates fall (flight-to-quality), thus determining a curve flattening, in response to the deteriorated growth and inflation outlook. GBP curve is expected to steepen, reflecting a negative perception by investors on the capabilities to achieve further consolidation in the fiscal side;
- On the FX front, a relatively moderate path by the Fed should trim only marginally the EUR-USD downside; EUR-GBP may suffer as well as sterling may be perceived as a EMU hedge. Both the JPY and the CHF mark a significant appreciation;
- Increasing risk aversion will be a penalizing factor for risky assets, weighing on the performance of major Equity indices which also experience higher level of volatilities;

Stress Test on trading book December 31, 2010

Scenario

(€ million)

	2010		
12.31.2010	GREECE DEFAULT	SOVEREIGN TENSION	WIDESPREAD CONTAGION
UniCredit S.p.A.	-15	-70	-136

Part E - Risks and Hedging Policies (Continued)

2.9 Derivative financial instruments

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading portfolio: end of period notional amounts and average

	AMOUNTS AS AT			
	12.31.2010		12.31.2009	
TRANSACTION TYPES/UNDERLYINGS	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**303,531,075**	**-**	**187,246,742**	**-**
a) Options	9,695,257	-	73,605	-
b) Swaps	284,897,641	-	187,173,137	-
c) Forwards	8,838,333	-	-	-
d) Futures		-	-	-
e) Others	99,844	-	-	-
2. Equity instruments and stock indexes	**1,142,663**	**-**	**2,676,646**	**-**
a) Options	1,140,975	-	2,676,646	-
b) Swaps	-	-	-	-
c) Forwards	1,688	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**37,835,238**	**-**	**17,401,673**	**-**
a) Options	1,332,434	-	374,739	-
b) Swaps	749,317	-	63,189	-
c) Forwards	35,753,487	-	16,963,745	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**17,464**	**-**	**11,307**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**342,526,440**	**-**	**207,336,368**	**-**
Average amounts	**274,931,404**	**927,806**	**194,266,232**	**1,855,611**

A.2. Banking book: end of period notional amounts and average

A.2.1 Hedging derivatives

	AMOUNTS AS AT			
	12.31.2010		12.31.2009	
TRANSACTION TYPES/UNDERLYINGS	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**156,525,650**	**-**	**136,958,213**	**-**
a) Options	595,801	-	486,238	-
b) Swaps	155,929,849	-	136,471,975	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**13,000**	**-**	**6,548**	**-**
a) Options	13,000	-	6,548	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**12,085,890**	**-**	**30,248,202**	**-**
a) Options	-	-	-	-
b) Swaps	3,007,035	-	3,672,187	-
c) Forwards	9,078,855	-	26,576,015	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**168,624,540**	**-**	**167,212,963**	**-**
Average amounts	**167,918,752**		**138,550,425**	**-**

A.2. Banking book: end of period notional amounts and average

A.2.2 Other derivatives

TRANSACTION TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2010 OVER THE COUNTER	AMOUNTS AS AT 12.31.2010 CLEARING HOUSE	AMOUNTS AS AT 12.31.2009 OVER THE COUNTER	AMOUNTS AS AT 12.31.2009 CLEARING HOUSE
1. Debt securities and interest rate indexes	**45,979,648**	**-**	**7,631,541**	**-**
a) Options	407,150	-	668,455	-
b) Swaps	45,572,498	-	6,963,086	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**15,585,171**	**-**	**16,153,872**	**-**
a) Options	14,288,707	-	16,153,872	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	1,296,464	-	-	-
3. Gold and currencies	**16,043,092**	**-**	**1,371,529**	**-**
a) Options	219,970	-	377,278	-
b) Swaps	966,375	-	994,251	-
c) Forwards	14,856,747	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**658**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**77,608,569**	**-**	**25,156,942**	**-**
Average amounts	**51,382,756**		**29,131,410**	

A.3 Financial derivatives: positive fair value - breakdown by product

TRANSACTION TYPES/UNDERLYINGS	POSITIVE FAIR VALUE AMOUNTS AS AT 12.31.2010 OVER THE COUNTER	POSITIVE FAIR VALUE AMOUNTS AS AT 12.31.2010 CLEARING HOUSE	POSITIVE FAIR VALUE AMOUNTS AS AT 12.31.2009 OVER THE COUNTER	POSITIVE FAIR VALUE AMOUNTS AS AT 12.31.2009 CLEARING HOUSE
A. Regulatory trading portfolio	**5,386,872**	**-**	**2,193,796**	**-**
a) Options	138,042	-	311,546	-
b) Interest rate swap	4,652,994	-	1,738,648	-
c) Cross currency swap	103,505	-	10,580	-
d) Equity swap	-	-	-	-
e) Forward	465,257	-	133,022	-
f) Futures	-	-	-	-
g) Others	27,074	-	-	-
B. Banking book - Hedging derivatives	**3,199,907**	**-**	**4,202,838**	**-**
a) Options	9,034	-	335	-
b) Interest rate swap	2,839,167	-	3,395,537	-
c) Cross currency swap	133,117	-	48,608	-
d) Equity swap	218,589	-	-	-
e) Forward	-	-	758,358	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - Other derivatives	**964,128**	**-**	**671,319**	**-**
a) Options	157,447	-	410,797	-
b) Interest rate swap	697,422	-	247,502	-
c) Cross currency swap	21,599	-	13,020	-
d) Equity swap	-	-	-	-
e) Forward	67,678	-	-	-
f) Futures	-	-	-	-
g) Others	19,982	-	-	-
Total	**9,550,907**	**-**	**7,067,953**	**-**

Part E - Risks and Hedging Policies (Continued)

A.4 Financial derivatives: negative fair value - breakdown by product

	NEGATIVE FAIR VALUE AMOUNTS AS AT			
	12.31.2010		12.31.2009	
BOOKS/TRANSACTION TYPE	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
A. Regulatory trading portfolio	**5,518,547**	**-**	**2,085,319**	**-**
a) Options	150,129	-	122,932	-
b) Interest rate swap	4,792,569	-	1,883,975	-
c) Cross currency swap	109,477	-	524	-
d) Equity swap	-	-	-	-
e) Forward	439,283	-	77,888	-
f) Futures	-	-	-	-
g) Others	27,089	-	-	-
B. Banking book - Hedging derivatives	**3,576,863**	**-**	**3,585,295**	**-**
a) Options	7,948	-	22,967	-
b) Interest rate swap	3,210,332	-	3,070,437	-
c) Cross currency swap	304,121	-	450,334	-
d) Equity swap	-	-	-	-
e) Forward	54,462	-	41,557	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - Other derivatives	**1,274,662**	**-**	**816,668**	**-**
a) Options	157,447	-	410,943	-
b) Interest rate swap	806,574	-	247,492	-
c) Cross currency swap	128,033	-	158,233	-
d) Equity swap	-	-	-	-
e) Forward	106,152	-	-	-
f) Futures	76,456	-	-	-
g) Others	-	-	-	-
Total	**10,370,072**	**-**	**6,487,282**	**-**

A.5 OTC Financial derivatives: regulatory trading portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreement

	AMOUNTS AS AT 12.31.2010						
CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1. Debt securities and interest rate indexes							
- notional amount	446	2,185,346	209,072,211	68,750,585	4,226	22,963,709	554,552
- positive fair value	-	105,632	1,401,142	2,101,745	-	1,161,288	4,829
- negative fair value	-	10,272	3,310,398	1,551,064	62	45,584	110
- future exposure	-	27,129	1,068,174	745,342	-	153,832	1,024
2. Equity instruments and stock indexes							
- notional amount	-	-	1,018,435	1,068	35,670	61,242	26,247
- positive fair value	-	-	101,186	-	-	7,833	3,306
- negative fair value	-	-	14,274	316	2,193	3,037	514
- future exposure	-	-	65,465	64	2,301	4,366	2,079
3. Gold and currencies							
- notional amount	-	-	34,678,373	267,589	-	2,876,618	12,657
- positive fair value	-	-	450,369	89,396	-	58,336	172
- negative fair value	-	-	516,209	402	-	61,999	453
- future exposure	-	-	365,024	508	-	50,210	128
4. Other instruments							
- notional amount	-	-	8,744	-	-	8,717	3
- positive fair value	-	-	1,496	-	-	142	2
- negative fair value	-	-	183	-	-	1,472	3
- future exposure	-	-	874	-	-	872	-

A.7 OTC Financial derivatives: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreements

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2010						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1. Debt securities and interest rate indexes							
- notional amount	-	-	198,736,767	938,346	-	-	2,830,184
- positive fair value	-	-	3,538,818	13,903	-	-	-
- negative fair value	-	-	3,824,049	44,376	-	-	163,380
- future exposure	-	-	1,461,838	8,610	-	-	8,136
2. Equity instruments and stock indexes							
- notional amount	-	-	8,640,448	13,370	-	-	6,944,353
- positive fair value	-	-	144,995	-	-	-	117
- negative fair value	-	-	96,834	-	-	-	124,814
- future exposure	-	-	708,050	20	-	-	565,333
3. Gold and currencies							
- notional amount	-	-	28,004,693	-	-	14,305	109,985
- positive fair value	-	-	445,850	-	-	369	-
- negative fair value	-	-	592,621	-	-	214	5,236
- future exposure	-	-	228,618	-	-	-	4,014
4. Other instruments							
- notional amount	-	658	-	-	-	-	-
- positive fair value	-	19,982	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.9 Over-the-counter financial derivatives - Residual life: notional amounts

UNDERLYING ASSETS/RESIDUAL LIFE	UP TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading book	**162,390,299**	**71,918,871**	**108,217,270**	**342,526,440**
A.1 Financial derivative contracts on debt securities and interest rates	125,112,256	70,699,239	107,719,581	303,531,076
A.2 Financial derivative contracts on equity securities and share indexes	855,953	286,710	-	1,142,663
A.3 Financial derivative contracts on exchange rates and gold	36,404,626	932,922	497,689	37,835,237
A.4 Financial derivative contracts on other underlying assets	17,464	-	-	17,464
B. Banking book	**61,947,300**	**116,050,361**	**68,235,449**	**246,233,110**
B.1 Financial derivative contracts on debt securities and interest rates	35,944,474	101,999,999	64,560,825	202,505,298
B.2 Financial derivative contracts on equity securities and share indexes	956,333	11,960,460	2,681,378	15,598,171
B.3 Financial derivative contracts on exchange rates and gold	25,045,835	2,089,902	993,246	28,128,983
B.4 Financial derivative contracts on other underlying assets	658	-	-	658
Total as at 12.31.2010	**224,337,599**	**187,969,232**	**176,452,719**	**588,759,550**
Total as at 12.31.2009	**143,604,871**	**99,340,640**	**156,760,756**	**399,706,267**

Part E - Risks and Hedging Policies (Continued)

B. CREDIT DERIVATIVES

B.1 Credit derivatives: end-of-period notional amounts and average

TRANSACTION CATEGORIES	REGULATORY TRADING BOOK		BANKING BOOK	
	WITH SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)	WITH SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)
1. Purchases of protection				
a) Credit default swap	-	-		269,695
b) Credit spread swap	-	-	-	-
c) Total return swap	-	-	-	-
d) Others	-	-	412	-
Total as at 12.31.2010	**-**	**-**	**412**	**269,695**
Average amounts	**-**	**-**	**550**	**134,848**
Total as at 12.31.2009	**-**	**-**	**683**	**-**
2. Sales of protection				
a) Credit default swap	-	-	412	-
b) Credit spread swap	-	-	-	-
c) Total return swap	-	-	-	-
d) Others	-	-	-	-
Total as at 12.31.2010	**-**	**-**	**412**	**-**
Average amounts	**-**	**-**	**105,789**	**-**
Total as at 12.31.2009	**-**	**-**	**211,166**	**-**

B.2 Credit derivatives: positive fair value - breakdown by product

TRANSACTION TYPES/UNDERLYINGS	POSITIVE FAIR VALUE AMOUNTS AS AT 12.31.2010	12.31.2009
A. Regulatory trading portfolio	**-**	**-**
a) Credit default swaps	-	-
b) Credit spread options	-	-
c) Total return swaps	-	-
d) Others	-	-
B. Banking book	**545**	**77**
a) Credit default swap	545	77
b) Credit spread swap		-
c) Total return swap	-	-
d) Others	-	-
Total	**545**	**77**

B.3 Credit derivatives: negative fair value - breakdown by product

TRANSACTION TYPES/UNDERLYINGS	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2010	12.31.2009
A. Regulatory trading portfolio	**-**	**-**
a) Credit default swaps	-	-
b) Credit spread options	-	-
c) Total return swaps	-	-
d) Others	-	-
B. Banking book	**545**	**77**
a) Credit default swap	-	77
b) Credit spread swap	-	-
c) Total return swap	-	-
d) Others	545	-
Total	**545**	**77**

B.4 OTC Credit derivatives:gross FV (positive and negative) by ctp - contracts not in netting agreement

CONTRACTS INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2010						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
Regulatory trading book							
1. Protection purchase							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2. Protection sale							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
Banking book							
1. Protection purchase							
- notional amount	-	-	269,695	-	-	-	412
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	545
2. Protection sale							
- notional amount	-	-	412		-	-	
- positive fair value	-	-	545		-	-	
- negative fair value	-	-	-	-	-	-	

B.6 Credit derivatives - Residual life: notional amounts

UNDERLYING ASSETS/RESIDUAL LIFE	UP TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading book	**-**	**-**	**-**	**-**
A.1 Credit derivatives with qualified reference obligation	-	-	-	-
A.2 Credit derivatives with non-qualified reference obligation	-	-	-	-
B. Banking Book	**-**	**824**	**269,695**	**270,519**
B.1 Credit derivatives with qualified reference obligation	-	824	269,695	270,519
B.2 Credit derivatives with non-qualified reference obligation	-	-	-	-
Total as at 12.31.2010	**-**	**824**	**269,695**	**270,519**
Total as at 12.31.2009	**-**	**1,367**	**-**	**1,367**

C. FINANCIAL AND CREDIT DERIVATIVES
No data to be disclosed in this section.

Section 3 - Liquidity risk

QUALITATIVE INFORMATION

A. General aspects, operational processes and methods for measuring liquidity risk
In 2010 UniCredit S.p.A. evolved from mainly a holding function into an operational banking business. However from a liquidity management perspective the changes were not very profound since the Italian banking subsidiaries did not have direct market access and all liquidity flows were managed via UniCredit S.p.A. already.

UniCredit S.p.A. has a double role and acts both as the hub for the Italian business as well as the parent company of all Group entities.

UniCredit S.p.A., itself, is one the four liquidity centers in the Group and is the Central hub for its branches, Italian and Irish banking subsidiaries.

Obviously Liquidity Center Italy is governed by Group's liquidity risk management framework yearly the Group's Funding Plan also includes a section specifically geared to LC Italy.
For more details on the methodological approach the SpA uses to manage and measure its liquidity risk, please refer to section 3 of the consolidated notes.

Part E - Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

1. Breakdown of financial assets and liabilities by residual contractual maturity
***Denomination currency:* EUR**

	AMOUNTS AS 12.31.2010									
ITEMS/MATURITIES	ON DEMAND	FROM 1 TO 7 DAYS	FROM 7 TO 15 DAYS	FROM 15 DAYS TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED TERM
Balance-sheet assets										
A.1 Government securities	969	1,418,233	1,609,908	607,546	952,701	236,281	1,084,054	12,146,667	5,571,958	-
A.2 Other debt securities	7,129	2,340	732	34,817	56,481	296,613	749,395	5,963,442	8,193,084	-
A.3 Units in investment funds	-	-	-	-	-	-	312,006	-	360,030	-
A.5 Loans										
- Banks	1,401,513	2,043,691	5,120,607	5,019,241	6,757,963	195,168	470,570	302,082	195,733	-
- Customers	48,946,947	5,978,370	3,328,861	13,618,807	17,976,953	10,244,424	13,690,729	58,614,807	78,071,367	22,273
Balance-sheet liabilities										
B.1 Deposits and current accounts										
- Banks	10,283,286	4,092,809	593,652	1,859,561	1,650,275	1,428,691	338,632	25,000	480,615	-
- Customers	112,045,784	1,247,168	181,404	426,033	1,418,924	529,459	57,182	35,663	384,578	-
B.2 Debt securities in issue	238,890	642,009	1,124,373	4,371,666	9,458,561	7,486,519	7,272,017	48,465,623	35,233,944	-
B.3 Other liabilities	202,408	13,990,746	4,970,852	8,971,929	4,269,054	1,265,980	4,961,879	2,908,036	9,026,819	-
"Off balance sheet" transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	-	2,855,763	1,213	108,159	176,621	655,154	415,549	697,768	290,774	10
- Short positions	-	5,854,340	1,609,743	1,390,791	3,681,141	1,682,040	1,331,130	1,757,978	1,187,025	10
C.2 Financial derivatives without exchange of principal										
- Long positions	4,809,901	19,166	82,003	272,839	1,178,988	983,204	1,782,113	-	-	-
- Short positions	4,804,537	12,052	56,889	155,206	1,066,318	870,909	1,823,258	-	15,494	-
C.3 Deposits and borrowings to be received										
- Long positions	459,803	11,017,161	-	125,135	-	-	-	-	-	-
- Short positions	11,142,297	28,000	300,000	1,300	5,698	124,804	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	4,717,322	3,073,573	4,910,705	3,722,042	2,534,638	2,405,550	1,037,034	6,952,115	5,122,626	686,545
- Short positions	34,475,194	-	-	-	-	-	-	412	-	686,544
C.5 Financial guarantees given	28,586	-	314	8,985	1,407	9,944	21,855	32,874	32,802	-

1. Breakdown of financial assets and liabilities by residual contractual maturity
***Denomination currency:* USD**

	AMOUNTS AS 12.31.2010									
ITEMS/MATURITIES	ON DEMAND	FROM 1 TO 7 DAYS	FROM 7 TO 15 DAYS	FROM 15 DAYS TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED TERM
Balance-sheet assets										
A.1 Government securities	-	-	-	-	485	-	-	140,268	38,429	-
A.2 Other debt securities	195	-	-	-	-	-	-	119	87,748	-
A.3 Units in investment funds	-	-	-	-	-	-	84,707	-	25	-
A.5 Loans										
- Banks	54,240	241,898	95	33,841	71,068	74,863	248,768	137,870	561,293	-
- Customers	56,323	226,337	15,517	392,625	996,831	501,678	442,492	271,632	116,882	-
Balance-sheet liabilities										
B.1 Deposits and current accounts										
- Banks	2,458,288	2,294,390	999,192	1,139,408	1,027,797	119,957	61,368	-	1,347	-
- Customers	970,669	107,165	257,905	67,251	525,532	98,545	17,679	-	419	-
B.2 Debt securities in issue	-	543,267	2,528,203	1,351,063	2,815,083	482,186	252,966	273,892	-	-
B.3 Other liabilities	247,728	-	-	-	-	-	-		1,477,510	-
"Off balance sheet" transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	1,479	15,594,720	10,273,338	6,981,910	19,279,311	3,096,694	1,308,975	668,902	226,733	17,426
- Short positions	1,496	12,956,615	8,651,944	6,566,962	17,577,872	2,901,429	1,031,829	609,924	269,518	16,433
C.2 Financial derivatives without exchange of principal										
- Long positions	99,647	-	12,981	441	6,100	17,744	31,425	-	-	-
- Short positions	99,373	-	1,218	3,714	940	3,204	9,097	-	5,835	-
C.3 Deposits and borrowings to be received										
- Long positions	521,550	237,988	-	-	-	-	-	-	-	-
- Short positions	-	237,988	22,452	385,571	112,259	1,268	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	10,092	111,195	2,643	48,938	271,659	421,212	422,920	794,600	340,730	23,051
- Short positions	2,423,989	-	-	-	-	-	-	-	-	23,051
C.5 Financial guarantees given	923	-	-	-	196	-	2,170	-	3,065	-

Part E - Risks and Hedging Policies (Continued)

1. Breakdown of financial assets and liabilities by residual contractual maturity
***Denomination currency:* Other currencies**

	AMOUNTS AS 12.31.2010									
ITEMS/MATURITIES	ON DEMAND	FROM 1 TO 7 DAYS	FROM 7 TO 15 DAYS	FROM 15 DAYS TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED TERM
Balance-sheet assets										
A.1 Government securities	-	-	-	-	-	-	-	3	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	58,894	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.5 Loans										
- Banks	196,615	8,281	20,995	96,911	55,088	20,893	163,470	-	469	-
- Customers	9,052	155,456	6,737	168,133	330,273	62,654	52,438	55,008	16,711	-
Balance-sheet liabilities										
B.1 Deposits and current accounts										
- Banks	240,826	898,772	173,126	376,171	356,443	499,843	1,290	-	-	-
- Customers	163,678	457,327	111,109	270,217	102,992	106,540	3,262	-	377	-
B.2 Debt securities in issue	-	40,652	46,454	550,101	1,119,619	121,535	573,249	29,935	1,124,171	-
B.3 Other liabilities	225	-	-	-	-	-	-	6,740	617,753	-
"Off balance sheet" transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	10,008	2,039,150	347,487	2,160,706	2,135,465	1,387,831	1,157,726	1,624,566	812,058	10
- Short positions	10,124	1,829,552	291,157	1,247,248	277,197	515,377	639,118	699,000	26,041	1,198
C.2 Financial derivatives without exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	2,777	-	-	-	-	-	-	-	-	-
C.3 Deposits and borrowings to be received										
- Long positions	168,414	202,596	-	-	-	-	-	-	-	-
- Short positions	-	278,068	-	-	87,133	5,809	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	74,588	23,149	-	24,152	514	3,291	11,615	122,540	555	15
- Short positions	260,404	-	-	-	-	-	-	-	-	15
C.5 Financial guarantees given	390	-	-	-	7	41	139	-	-	-

The Bank has originated self-securitization transactions in which it has acquired all the liabilities issued by the SPVs (the so-called self-securitizations). At December 31, 2010 underlying assets amounted to €21,521,327.

Information on these transactions is provided in paragraph C.1 - Securitization transactions in the above Section 1 - Credit Risk.

Section 4 - Operational risks

QUALITATIVE INFORMATION

General aspects, operational processes and methods for measuring operational risk

Operational risk definition

Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel or systems or caused by external events. This definition includes legal and compliance risks, but excludes strategic and reputational risk.

For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damage to the company's physical assets, business disruption and system failures, process management.

Group operational risk framework

UniCredit Group sets the operational risk management framework as a combination of policies and procedures for controlling, measuring and mitigating the operational risk of the Group and controlled entities.

The operational risk policies, applying to all Group entities, are common principles defining the roles of the company bodies, the operational risk management function as well as the relationship with other functions involved in operational risk monitoring and management.

The Parent company coordinates the Group entities according to the internal regulation and the Group operational risk control rulebook. Specific risk committees (Risk Committee, Operational & Reputational Risk Committee) are set up to monitor risk exposure, mitigating actions and measurement and control methods.

The methodology for data classification and completeness verification, scenario analysis, risk indicators, reporting and capital at risk measurement is set by the Holding company Operational & Reputational Risks Portfolio Management department and applies to all Group entities, including UniCredit SpA. A pivot element of the risk control framework is the operational risk management application, allowing the collection of the data required for operational risk control and capital measurement.

The compliance of the Group Operational risk control and measurement system with external regulations and Group standards is assessed through an internal validation process under the responsibility of the Group Internal Validation department of the Holding company and independent from the Operational & Reputational Risks Portfolio Management department.

In March 2008, UniCredit Group received authorization to use the AMA model (Advanced Measurement Approach) for calculating operational risk capital.

Organizational structure

Senior Management is responsible for approving all aspects relating to the Group operational risk framework and verifying the adequacy of the measurement and control system and is regularly updated on changes to the risk profile and operational risk exposure, with support from the appropriate risk committees if required.

The **Group Operational & Reputational Risk Committee**, chaired by the Holding company's head of Group Risk Management Control is made up of permanent and guest members. The list of participants of the Committee has been updated in 2010, also in the light of the changes in the organizational structure of the Group.

The mission of the Group Operational & Reputational Risk Committee relative to operational risk, is to define proposals and opinions for the Group Risk Committee, for:
- the Group risk appetite, including the goals and criteria of the operational risk capital allocation in the Group;
- the structure and definition of operational risk limits and their allocation to the Business Units, legal entities and portfolios;
- initial approval and fundamental modifications of risk control and measurement systems and applications for operational risk, including possible action plans, processes, IT and data quality requirements, supported by the related internal validations;
- overall strategies for operational risk optimization, "Governance Guidelines" and general "Policies" for the management of Group operational risk;
- action plans to address possible critical findings related to risk control and measurement system resulting from "Group Internal Validation" and Internal Audit activities, with regard to internal control system and risk measurement;
- status update of relevant Basel II project activities on operational risk topics;
- ICAAP topics for operational risks;
- yearly Regulatory Internal Validation Report on operational risk.

Part E - Risks and Hedging Policies (Continued)

The Group Operational & Reputational Risk Committee, relative to operational risk, meets with approval functions instead for the following topics:
- special operational and reputational risk "Policies";
- corrective actions for balancing the Group operational risk positions, including the planned mitigation actions, within the limits defined by the competent Bodies;
- Group insurance strategies, including renewals, limits and deductibles;
- initial approval and fundamental modifications of the methodologies for the measurement and control of operational risk, supported by the related internal validations.

The Operational & Reputational Risks Portfolio Management department reports to Group Risk Management (Group CRO) and supervises and manages the overall profile of the operational and reputational risks in the Group by defining the strategies, methodologies and limits.
Regarding the operational risk management function, the department has three organizational units.
- The Operational Risk Methodologies and Control unit is responsible for the methodologies, the calculation model for the Group operational capital at risk and the guidelines for operational risk control activities; it is also supporting and controlling the legal entities' Operational Risk Management functions, in order to verify that Group standards are met in the implementation of control processes and methodologies.

- The Operational Risk Strategies and Mitigation unit is responsible for the definition and monitoring of the risk limits and for the identification of strategies and mitigation actions and the monitoring of their implementation.

- The Operational Risk Management unit is responsible for the correct implementation and maintenance of the operational risk framework in the Parent company, UniCredit SpA. This unit, similar to the Operational Risk Management functions of the controlled entities, provides specific operational risk training to staff, also with the use of intranet training programs, and is responsible for the correct implementation of the Group framework elements. Dedicated units are furthermore present in the divisions F&SME, CIB and Private Banking, responsible for the implementation and maintenance of the framework in their respective perimeters.

Internal validation process
In compliance with regulations, an internal validation process for the operational risk control and measurement system has been set up in order to verify the conformity with regulations and Group standards. This process is responsibility of the Pillar II Risks and Operational Risk Validation unit, within the Group Internal Validation department.

Group methodologies for measuring and allocating the capital at risk are validated at Holding company level by the abovementioned Unit, while the implementation of the operational risk control and management system within the relevant entities is validated by the local ORM functions following the Technical Instructions and policies issued by the Group Internal Validation Department.

The results of the local assessments are annually verified by the Group Internal Validation department which also performs additional analysis on data and documentation. Detailed reports are then submitted to the Group CRO for the release of specific Non Binding Opinions to the relevant subsidiaries. The local validation report, together with the opinion of the Holding company and the Internal Audit report is submitted to the entities' competent Governing Bodies for approval.

All the validation outcomes on the operational risk control and measurement system, both at Holding Company and controlled entities level, are annually consolidated within the Group Validation report which, along with the annual Internal Audit report, is presented to the UniCredit Board of Directors.

Periodical reporting on validation activities is submitted also to the Group Operational & Reputational Risk Committee.

Reporting
A reporting system has been developed to inform senior management and relevant control bodies on the operational risk exposure and the risk mitigation actions.

In particular, quarterly updates are provided on operational losses, capital-at-risk estimates, the main initiatives undertaken to mitigate operational risk in the various business areas, operational losses suffered in the credit linked processes ("cross-credit" losses). A summary of the trend of the most important risk indicators is distributed each month.

The results of the main scenario analyses carried out at Group level and the relevant mitigation actions undertaken are also submitted to the attention of the Operational & Reputational Risk Committee.

Operational risk management
Operational risk management exploits process reengineering to reduce the risk exposure and insurance policies management, defining proper deductibles and policies limits. Regularly tested business continuity plans assure sound operational risk management in case of interruption of main business services.

The Operational & Reputational Risk Committee furthermore reviews risks tracked by the Operational Risk function, with the support of functions involved in daily operational risk control, and monitors the risk mitigation initiatives.

Risk capital measurement and allocation mechanism
UniCredit developed an internal model for measuring the capital requirements. The system for measuring operational risk is based on internal loss data, external loss data (consortium and public data) scenario loss data and risk indicators.

Capital at risk is calculated per event type class. For each risk class, severity and frequency of loss data are separately estimated to obtain the annual loss distribution through simulation, considering also insurance coverage. The severity distribution is estimated on internal, external and scenario loss data, while the frequency distribution is determined using only the internal data. An adjustment for key operational risk indicators is applied to each risk class. Annual loss distributions of each risk class are aggregated through a copula functions based method. Capital at risk is calculated at a confidence level of 99.9% on the overall loss distribution for regulatory purposes and at a confidence level of 99.97% for economic capital purposes.

Through an allocation mechanism, the individual legal entities' capital requirements are identified, reflecting the entities' risk exposure.

The AMA approach has been formally approved by the Supervisory Authority and is currently expected to be rolled out in all the relevant Group entities before the end of 2012. The entities or business segments not yet authorised to use the advanced methods contribute to the consolidated capital requirement on the basis of the standard (TSA) or basic (BIA) model.

QUANTITATIVE INFORMATION

Detailed below is the percentage composition, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the New Regulations for the Prudential Supervision of Banks issued by the Bank of Italy in December 2006 (Circular No. 263) and in successive updates.

The major categories are as follows:
- internal fraud: losses owing to unauthorised activity, fraud, embezzlement or violation of laws, regulations or business directives that involve at least one internal member of the bank;
- external fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the bank;
- employment practices and workplace safety: losses arising from actions in breach of employment, health and workplace safety laws or agreements, from personal injury compensation payments or from cases of discrimination or failure to apply equal treatment;
- clients, products and professional practices: losses arising from non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided;
- damage from external events: losses arising from external events, including natural disasters, acts of terrorism and vandalism;
- business disruption and system failures: losses owing to business disruption and system failures or interruptions;
- process management, execution and delivery: losses owing to operational or process management shortfalls, as well as losses arising from transactions with commercial counterparties, sellers and suppliers.

COMPOSITION BY TIPE OF EVENT	PERCENTAGE
Clients	52.0%
Execution	24.0%
Employement practices	5.0%
Internal fraud	10.6%
IT system	0.2%
External fraud	8.1%
Material demage	0.1%
Total	**100.0%**

In 2010, the main source of operational risk was "Clients, products and professional practices", a category which includes losses arising from the non-fulfillment of professional obligations towards clients or from the nature or characteristics of the products or services provided, as well as any sanctions for violating tax regulations.

The second largest contribution to losses came from errors in process management, execution and delivery due to operational or process management shortfalls. There were also, in decreasing order, losses stemming from internal fraud, external fraud and employment practices. The residual risk categories were damage to physical assets from external events and IT systems related problems.

Part F - Shareholders' Equity

Part F - Shareholders' Equity (amounts in thousands of €)

Section 1 - Shareholders' Equity

A. QUALITATIVE INFORMATION

The UniCredit S.p.A.has made a priority of capital management and allocation (for both regulatory and economic capital) on the basis of the risk assumed in order to expand the Group's operations and create value. These activities are part of the Group planning and monitoring process and comprise:
- planning and budgeting processes:
  - proposals as to risk propensity and capitalisation objectives;
  - analysis of risk associated with value drivers and allocation of capital to business areas and units;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the financial plan and dividend policy;
- monitoring processes
  - analysis of performance achieved at Group and business unit level and preparation of management reports for internal and external use;
  - analysis and monitoring of limits;
  - analysis and performance monitoring of the capital ratios of the Group and individual companies.

The Bank has set itself the goal of generating income in excess of that necessary to remunerate risk (cost of equity), and thus of creating value, so as to maximise the return for its shareholders in terms of dividends and capital gains (total shareholder return). This is achieved by allocating capital to various business areas and business units on the basis of specific risk profiles and by adopting a methodology based on risk-adjusted performance measurement (RAPM), which will provide, in support of planning and monitoring processes, a number of indicators that will combine and summarise the operating, financial and risk variables to be considered.

Capital and its allocation are therefore extremely important for strategy, since capital is the object of the return expected by investors on their investment in the Group, and also because it is a resource on which there are external limitations imposed by regulatory provisions.

The definitions of capital used in the allocation process are as follows:
- Risk or employed capital: This is the equity component provided by shareholders (employed capital) for which a return that is greater than or equal to expectations (cost of equity) must be provided;
- Capital at risk: This is the portion of capital and reserves that is used (the budgeted amount or allocated capital) or was used to cover (at period-end - absorbed capital) risks assumed to pursue the objective of creating value.

Capital at risk is dependant on the propensity for risk and is based on the target capitalisation level which is also determined in accordance with the Group's credit rating.

If capital at risk is measured using risk management methods, it is defined as economic capital, if it is measured using regulatory provisions, it is defined as regulatory capital. In detail:
- Economic capital is the portion of equity that is actually at risk, which is measured using probability models over a specific confidence interval.
- Regulatory capital is the component of total capital represented by the portion of shareholders' equity put at risk (Core Equity or Core Tier 1) that is measured using regulatory provisions.

Economic capital and regulatory capital differ in terms of their definition and the categories of risk covered. The former is based on the actual measurement of exposure assumed, while the latter is based on schedules specified in regulatory provisions.

The relationship between the two different definitions of capital at risk can be obtained by relating the two measures to the Group's target credit rating (AA- by S&P) which corresponds to a probability of default of 0.03%. Thus, economic capital is set at a level that will cover adverse events with a probability of 99.97% (confidence interval), while regulatory capital is quantified on the basis of a Core Tier 1 target ratio in line with that of major international banking groups with at least the same target rating.

Thus, during the application process the "double track" approach is used which considers both economic capital and regulatory capital (Core Tier 1) at both the consolidated and business area or business unit levels.

The purpose of the capital management function performed by the Capital Management unit of Planning, Strategy and Capital Management is to define the target level of capitalisation for the Group and its companies in line with regulatory restrictions and the propensity for risk.

Capital is managed dynamically: the Capital Management unit prepares the financial plan, monitors capital ratios for regulatory purposes and anticipates the appropriate steps required to achieve its goals.

On the one hand, monitoring is carried out in relation to both shareholders' equity and the composition of capital for regulatory purposes (Core Tier 1, Tier 1, Lower and Upper Tier 2 and Tier 3 Capital), and on the other hand, in relation to the planning and performance of risk-weighted assets (RWA).

The dynamic management approach aims to identify the investment and capital-raising instruments and hybrid capital instruments that are most suitable for achieving the Group's goals. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their cost and efficiency are measured using RAPM. In this context, value analysis is enhanced by the joint role played by the Capital Management unit in the areas of regulatory, accounting, financial, tax-related, risk management and other aspects and the changing regulations[1] affecting these aspects so that an assessment and all necessary instructions can be given to other Group HQ areas or the companies asked to perform these tasks.

B. QUANTITATIVE INFORMATION

Further information about Shareholders' equity are represented in Part B) Section 14 - Shareholders' equity - Items 130,150,160,170,180,190 and 200".

B.1 Company Shareholders' Equity: breakdown

ITEMS/VALUES	12.31.2010	12.31.2009
1. Share capital	**9,648,791**	**8,389,870**
2. Share premium reserve	**39,322,433**	**36,581,540**
3. Reserves	**7,663,632**	**8,712,157**
- from profits	1,362,821	1,862,246
a) legal	1,439,181	1,434,080
b) statutory	1,144,946	1,679,802
c) treasury shares	-	-
d) other	(1,221,306)	(1,251,636)
- other*	6,300,811	6,849,911
4. Equity instruments	**-**	**-**
5. Treasury shares	**(2,440)**	**(2,440)**
6. Revaluation reserves	**355,375**	**359,821**
- Available-fo-sale financial assets	(164,379)	143,842
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	242,734	(61,041)
- Exchange differences	-	-
- Non-current assets classified held for sale	-	-
- Actuarial gains (losses) on definited benefit plans	-	-
- Changes in valuation reserve pertaining to equity method investments:	-	-
- Special revaluation loans	277,020	277,020
7. Net profit (loss)	**783,343**	**51,001**
Total	**57,771,134**	**54,091,949**

* Reserves - from profits- Other reserves includes the Treasury shares reserve (€2,440 thousand), originally set up by debiting Share Premium.

B.2 Revaluation reserves for available-for-sale assets: breakdown

	12.31.2010			12.31.2009		
ASSETS/VALUES	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL
1. Debt securities	12,015	(334,987)	(322,972)	83,426	(52,104)	31,322
3. Equity securities	156,642	(1,514)	155,128	103,427	(1,880)	101,547
3. Units in investment funds	4,382	(917)	3,465	15,757	(4,784)	10,973
4. Loans	-	-	-	-	-	-
Total	**173,039**	**(337,418)**	**(164,379)**	**202,610**	**(58,768)**	**143,842**

1. E.g. Basel 2/3, IAS/IFRS etc.

Part F - Shareholders' Equity (Continued)

B.3 Revaluation reserves for available-for-sale assets: annual changes

	12.31.2010				
	DEBT SECURITIES	EQUITY SECURITIES	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
1. Opening balance	**31,322**	**101,547**	**10,973**	**-**	**143,842**
2. Positive changes	**16,533**	**71,786**	**21,393**	**-**	**109,712**
2.1 Fair value increases	13,549	50,562	5,273	-	69,384
2.2 Reclassification through profit or loss of negative provision	2	767	22,652	-	23,421
- due to impairment	-	767	19,143	-	19,910
- following disposal	2	-	3,509	-	3,511
2.3 Other changes	2,982	20,457	(6,532)	-	16,907
*of which: business combinations**	*(1,107)*	*18,015*	*(6,532)*	-	*10,376*
3. Negative changes	**370,827**	**18,205**	**28,901**	**-**	**417,933**
3.1 Fair value reductions	347,988	9,976	12,446	-	370,410
3.2 Impairment losses	-	2,032	-	-	2,032
3.3 Reclassification through profit or loss of positive allowances: following disposal	22,363	-	15,686	-	38,049
3.4 Other changes	476	6,197	769	-	7,442
4. Closing balance	**(322,972)**	**155,128**	**3,465**	**-**	**(164,379)**

The changes here are different from those reported in "Statement of Comprehensive Income" due to that here Business Combination values are included.

* 2.3 Other changes - of which: business combinations includes negative reserves arising from mergers.

Section 2 - Shareholders' Equity and Regulatory Banking Ratios

2.1 Capital for regulatory purposes

A. QUALITATIVE INFORMATION

The tables below provide the main contractual details of innovative instruments included, together with capital and reserves, in Tier 1, Tier 2 and Tier 3 Capital.

1. Tier 1 Capital

Breakdown of subordinated instruments

MATURITY	CURRENCY	INTEREST RATES	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	TOTAL CAPITAL 12.31.2010 (€/000)
Innovative capital instruments					
1) Perpetual	EURO	4.028% p.a. for the first 10 years then 3-month euribor + 176 bps	CALL 10.27.15	750,000,000	749,574
2) Perpetual	GBP	5.396% p.a. for the first 10 years then sterling libor 3m + 176 bps	CALL 10.27.15	300,000,000	348,533
3) Perpetual	GBP	8.6125% p.a.	CALL 06.27.18	210,000,000	243,973
4) Perpetual	EURO	8.145% p.a. act/act for the first 10 years then 3-month euribor + 665 bps	CALL 12.10.19	250,000,000	250,000
5) Perpetual	EURO	9.375% p.a. act/act for the first 10 years then 3-month euribor + 749 bps	CALL 07.21.20	500,000,000	496,293
Total innovative capital instruments (Tier I)					**2,088,373**

2. Tier 2 Capital

Breakdown of subordinated instruments

	MATURITY	CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2010 (€/000)
Hybrid capitalisation instruments						
1)	02.28.2012	EURO	6,10%	-	500,000,000	499,646
2)	02.01.2016	EURO	3,95%	-	900,000,000	897,147
3)	02.01.2016	GBP	5,00%	-	450,000,000	521,611
4)	06.05.2018	EURO	6,70%	-	1,000,000,000	996,099
5)	06.25.2018	EURO	6-month euribor + 1.70% p.a.	-	125,000,000	125,000
Total hybrid capitalisation instruments (Upper Tier II)						**3,039,503**
Subordinated loans						
1)	03.16.2011	EURO	6% p.a.	-	500,000,000	99,654
2)	06.30.2015	EURO	Year 1: gross fixed interest rate 3% p.a. Year 2: variable coupon equal to 75% of the 10-year annual swap rate	CALL 06.30.10	400,000,000	326,103
3)	03.30.2016	EURO	Gross fixed interest rate: 3.50% p.a. Year 2: variable coupon equal to 75% of 10-Y annual swap rate	CALL 03.30.11	170,000,000	141,453
4)	03.30.2016	EURO	Gross fixed interest rate: 4.00% p.a. Year 2: variable coupon equal to 65% of 10-Y annual swap rate	CALL 03.30.11	230,000,000	184,038
5)	04.07.2016	EURO	3-month Euribor + 0.30% From April 2011: 3-month Euribor + 0.90%	CALL 04.07.11	400,000,000	391,813
6)	10.21.2016	EURO	3-month Euribor + 0.45%. From October 2011: 3-month Euribor + 1.05%	CALL 10.21.11	650,000,000	645,825
7)	09.20.2016	EURO	3-month euribor +30 bps p.a. for years 1-5 +90 bps p.a. for years 6-10	CALL 09.20.11	1,000,000,000	998,598
8)	09.20.2016	EURO	4.125% p.a. for years 1-5 3-month euribor + 94 bps p.a. for years 6-10	CALL 09.20.11	500,000,000	498,524
9)	09.26.2017	EURO	5.75% p.a.	-	1,000,000,000	995,897
10)	10.30.2017	EURO	5.45% p.a.	-	10,000,000	10,000
11)	10.30.2017	EURO	5.45% p.a.	-	10,000,000	10,000
12)	11.13.2017	EURO	5.54% p.a.	-	10,000,000	10,000
13)	11.27.2017	EURO	5.70% p.a.	-	500,000	500
14)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
15)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
16)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
17)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
18)	11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
19)	11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
20)	11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
21)	12.04.2017	EURO	5.70% p.a.	-	40,000,000	40,000
22)	12.04.2017	EURO	EUR_CMS(10Y), calculated on the basis of a formula as set out in the regulations	-	170,750,000	170,750
23)	12.11.2017	EURO	EUR_10Y_CMS, calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
24)	12.28.2017	EURO	3-month euribor for years 1-5 3-month euribor + 0.50% for years 6-10	CALL 12.28.12	1,111,572,000	1,093,894
25)	10.16.2018	GBP	6.375% p.a. until 15.10.2013 3-month Libor + 1.38% from 16.10.2013 to maturity	CALL 10.16.13	350,000,000	406,098
26)	09.22.2019	EURO	4.5% p.a. act/act for years 1-10 3-month euribor + 95 bps p.a. for years 11-15	CALL 09.22.14	500,000,000	498,804
27)	01.30.2018	EURO	5.74% p.a.	-	10,000,000	9,986
28)	01.30.2018	EURO	5.74% p.a.	-	10,000,000	9,986
29)	03.03.2023	EURO	6.04% p.a.	-	125,000,000	124,899

Part F - Shareholders' Equity (Continued)

Continued: breakdown of subordinated instruments

	MATURITY	CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2010 (€/000)
30)	03.31.2018	EURO	3-month euribor +0.75% for years 1-5 3-month euribor + 1.35% for years 6-10	CALL 03.31.13	1,340,575,000	1,311,032
31)	04.10.2018	EURO	EUR_10Y_CMS vs. 6m euribor fixed in advance	-	15,000,000	15,000
32)	04.24.2018	EURO	EUR_10Y_CMS, calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
33)	01.13.2017	USD	3-month libor +39 b.p.s.	CALL 01.13.12	600,000,000	449,035
34)	01.13.2017	USD	5.634% p.a.	CALL 01.13.12	600,000,000	449,035
35)	01.31.2017	USD	6.05% p.a.	-	750,000,000	561,293
36)	03.31.2019	GBP	9.3725% p.a.	CALL 03.31.14	125,000,000	145,222
37)	04.25.2022	EURO	5.05% p.a.	-	50,000,000	50,000
38)	04.26.2020	EURO	4.75% p.a.	-	50,000,000	49,548
39)	05.31.2020	EURO	3.00% p.a. for year 1 3.25% p.a. for year 2 3.50% p.a. for year 3 3.75% p.a. for year 4 4.00% p.a. for year 5 4.40% p.a. for year 6 4.70% p.a. for year 7 5.07% p.a. for year 8 5.40% p.a. for year 9 6.00% p.a. for year 10	-	332,927,000	332,812
40)	06.14.2017	EURO	3.00% p.a. for year 1 3.25% p.a. for year 2 3.50% p.a. for year 3 3.80% p.a. for year 4 4.10% p.a. for year 5 4.40% p.a. for year 6 4.70% p.a. for year 7	-	326,634,000	326,634
41)	06.14.2020	EURO	5.16% p.a.	-	50,000,000	50,000
42)	04.21.2021	EURO	5% p.a.	-	50,000,000	50,000
43)	06.07.2017	EURO	3 month euribor +0,50% p.a. for years anni 1-5 3 month euribor +1,10% p.a. for years 6-10	-	100,000,000	100,000
44)	5.23.2011	EURO	6.7% p.a.		20,000,000	20,000
45)	12.30.2015	EURO	6 month euribor +0,32% p.a. for years 1-5 6 month euribor +0,92% p.a. for years 6-10	CALL 12.30.10	475,000,000	474,998
46)	3.30.2017	EURO	3 month euribor +0,30% p.a.		130,000,000	130,000
Total subordinated loans - Lower Tier II						**11,461,431**
Total						**16,589,307**

With reference to Subordinated Loan nr 5) UniCredit S.p.A., in accordance with the Final Terms and having obtained the compulsory authorization y Bank of Italy, will exercise the right to full early redemption of the Loan on April 7, 2010. The early redemption will occur at par and therefore interests will no longer be calculated.

3. Tier 3 Capital

As at December 31,2010, there are not subordinated loans Tier 3.

B. QUANTITATIVE INFORMATION

Solvency filters

	12.31.2010	12.31.2009
A. Tier 1 before solvency filters	**51,206,900**	**46,838,656**
B. Tier 1 solvency filters	(641,612)	(435,277)
B.1 Positive IAS/IFRS solvency filters	-	-
B.2 Negative IAS/IFRS solvency filters	(641,612)	(435,277)
C. Tier 1 after solvency filters (A+B)	**50,565,288**	**46,403,379**
D. Deductions from tier 1	**2,436,037**	**892,413**
E. Total TIER 1 (C - D)	**48,129,251**	**45,510,966**
F. Tier 2 before solvency filters	**15,149,233**	**15,209,835**
G. Tier 2 solvency filters	(54,463)	(57,961)
G.1 Positive IAS/IFRS solvency filters	-	-
G.2 Negative IAS/IFRS solvency filters	(54,463)	(57,961)
H. Tier 2 after solvency filters (F+G)	**15,094,770**	**15,151,874**
I. Deductions from tier 2	**2,436,037**	**892,413**
L. Total TIER 2(H - I)	**12,658,733**	**14,259,461**
M. Deductions from tier 1 e tier 2	**842,539**	**838,100**
N. Total capital (E+L-M)	**59,945,445**	**58,932,327**
O. TIER 3	**-**	**-**
P. Total capital + TIER 3 (N+ O)	**59,945,445**	**58,932,327**

2.2 Capital adequacy

A. QUALITATIVE INFORMATION

Regarding Qualitative Information, please refer to Consolidated Notes to the Accounts.

B. QUANTITATIVE INFORMATION

	12.31.2010		12.31.2009	
CATEGORIES/ITEMS	NON WEIGHED AMOUNTS	WEIGHED AMOUNTS / REQUIREMENTS	NON WEIGHED AMOUNTS	WEIGHED AMOUNTS / REQUIREMENTS
A. RISK ASSETS				
A.1 Credit and counterparty risk	**460,274,543**	**200,227,344**	**411,890,391**	**96,283,791**
1. Standardized approach	242,984,794	116,980,884	390,583,120	89,576,564
2. IRB approaches	213,689,437	81,796,438	13,634,626	4,616,026
2.1 Fundation	-	-	-	-
2.1 Advanced	213,689,437	81,796,438	13,634,626	4,616,026
3. Securization	3,600,312	1,450,022	7,672,645	2,091,201
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk		**16,018,187**		**7,702,703**
B.2 Market Risk		**124,190**		**89,183**
1. Standardized approach		124,190		89,183
2. Internal models		-		-
3. Concentration risk		-		-
B.3 Operational risk		**1,342,186**		**120,655**
1. Basic indicator approach (BIA)		18,286		-
2. Traditional standardized approach (TSA)		-		60,814
3. Advanced measurement approach (AMA)		1,323,899		59,841
B.4 Other capital requirements		**-**		**-**
B.5 Other calculation items		**-4,371,141**		**75,454**
B.6 Total capital requirements		**13,113,422**		**7,987,995**
C. RISK ASSTS AND CAPITAL RATIOS				
C1. Weighed risk assets		**163,917,780**		**99,849,935**
C2. Tier 1 / Weighed risk assets (Tier 1 capital ratio)		**29.36%**		**45.58%**
C3. Regulatory capital included Tier 3 / Weighed risk assets (Total capital ratio)		**36.57%**		**59.02%**

Part G - Business Combinations

Part G - Business Combinations

Section 1 - Business Combinations Completed in 2010

1.1 Business combinations

Business combinations with counterparties outside the Group are carried out using the purchase method prescribed by IFRS 3 - Business Combinations as noted in Part A.2 above concerning the main balance-sheet items.

No business combinations with external counterparties were completed in 2010.

As far as internal company reorganizations involving Group companies are concerned (Business Combinations Under Common Control), in 2010 UniCredit completed the One4C programme with the aim of responding to changing customer expectations and to the need for closer attention to local communities, which have emerged in the new international banking context.

This transaction was executed through the absorption of the following Banks by UniCredit Spa, effective from November 1, 2010 for legal purposes and from January 1, 2010 for accounting and tax purposes:
- UniCredit Banca Spa
- UniCredit Banca di Roma Spa
- Banco di Sicilia Spa
- UniCredit Corporate Banking Spa
- UniCredit Family Financing Bank Spa
- UniCredit Private Banking Spa
- UniCredit Bancassurance Management & Administration Scrl

This transaction, which did not involve any exchange with third parties, nor any economic acquisition (as the subsidiary's assets and liabilities were already recognized as equity investments in the acquirer's stand-alone accounts), has been recognized in UniCredit Spa's accounts in accordance with the continuity principle, under which the acquirer books the net assets acquired at their carrying value in the acquired entity's accounts.

Therefore the absorbed entities' net assets are recognized at the carrying value recognized in the acquired entities' accounts before the business combination.
Some of the data deriving from this corporate transaction have been reclassified to achieve final and correct representation of year-end results.

Considering the merger's accounting and fiscal retroactivity to January 1, 2010, which allows to recognize the balance-sheet and profit effects of transactions executed by the absorbed entities in the absorbing company's accounts starting from that date, the absorbed entities' balance sheet and income statement figures as at October 31, 2010 were recognized in the absorbing company's accounts.

Due to its nature, the transaction involved the following operational steps:
- The absorbed banks' accounts were added up to obtain a first aggregated total;
- Due to the principle of "confusione giuridica" (merger of title) between the absorbing company and the absorbed entities, capital and profit balance accounts existing at the date of the merger have been cancelled;
- The absorbed banks' balance sheet items were derecognised against the values of equity investments recognized in the absorbing company's accounts. The resulting difference (surplus/loss on absorption), net of the re-establishment of the internal business combination reserve, was recognized as a value adjustment of goodwill.
- Finally, considering the previous method for the distribution of some absorbed entities' products through other absorbed entities' sales networks, placement fees regarding securities, mortgages, loans and cards were eliminated and the difference was recognized in net interest and written down from asset items (loans to customers) and liabilities (debt securities in issue).

Additionally, the following internal reorganizations were carried out within the Group during 2010:
- Disposal of the "Pension Funds Real Estate Management" operations, finalized on December 16, 2009 and effective on January 1, 2010, to UniCredit Real Estate, which involved the transfer of 21 resources and the relating asset items;
- The absorption of UniCredit Partecipazioni srl by UniCredit Spa, effective on November 1, 2010 for legal purposes and on January 1, 2010 for accounting and fiscal purposes, which led to the recognition of the related balance-sheet items.

Section 2 - Business Combinations completed after December 31, 2010

Regarding transactions completed after December 31, 2010 it has to be pointed out:

- In order to rationalize and internalize activities supporting the credit and debit card business (which includes processes related to issuing credit and debit cards, acquiring POSs and ATMs, managing electronic payments for corporations and government agencies and electronic ticketing), in 2008 a process was started to improve and coordinate the efficiency of these activities in support of this business. To achieve this goal, in August 2010 the Parent Company's Board of Directors approved the launch of a project calling for the creation of a Global Card Payment Company. The company selected for this purpose was the subsidiary Quercia Software S.p.A., which will serve as the only service center supporting the credit and debit card businesses for the entire Group. It will be responsible for providing these services, while banks will continue their role as issuers. The implementation phase of the project concluded with Quercia Software's purchase of the following divisions, which took effect for legal and tax purposes on January 1, 2011: Card Payment Solutions of UniCredit S.p.A., Global Operations Line Cards and Country Operations Line Cards Italy of UniCredit Business Partner S.C.p.A. and the Debit and Credit Card Division of UniCredit Global Information Services S.C.p.A. The Group also transformed Quercia Software into a joint venture corporation effective January 2, 2011 since this is a model that is more suitable for the new corporate purpose, which combines the consortium's objectives of providing services to its consortium members on a preferential basis, with the organizational form used by capital-based companies on the basis of cost-saving and efficiency criteria.
- Also on January 1, 2011, the Bank acquired the "Audit Methodologies & Monitoring" and "Specialized Audit Center" divisions from the subsidiary UniCredit Audit Scpa, an acquisition drawn up on December 16, 2010 and involving the transfer of 43 employees and related capital items.

Part H - Related-Party Transactions

Part H - Related-Party Transactions (amounts in thousands of €)

UniCredit SpA's related parties as defined in IAS 24, with whom the UniCredit Group has carried out the transactions covered by this section, include
- direct and indirect subsidiaries
- associates and joint-ventures (of which UniCredit is a shareholder);
- key management personnel ("dirigenti con responsabilità strategiche");
- close members of the families of key management personnel and entities controlled by (or associates of) key management personnel or by/of their close family members and;
- Group employees' pension funds.

Compensation paid to key management personnel is disclosed below. Transactions with related parties as defined in IAS 24 are also disclosed below. In UniCredit key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. As well as these individuals include the CEO and the other Directors, the General Manager and the other members of UniCredit's Executive Management Committee and the Head of Internal Audit, in office in 2010.

1. Details of Directors' and Top Managers' Compensation

The information required by Consob in respect of compensation paid to members of the corporate direction and control bodies, the General Manager and other key management personnel.

Remuneration paid to Directors, Statutory Auditors and Key Management Personnel (pursuant to article 78 of CONSOB resolution no. 11971 dated 14 may 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION	COMPENSATION					
FIRST AND LAST NAME	POSITION HELD (*)	PERIOD IN OFFICE (*)	EXPIRATION OF TERM OF OFFICE (ON APPROVAL OF ACCOUNTS FOR)	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
DIRECTORS							
Dieter Rampl	Chairman of the Board of Directors	1/1.2010-12/31.2010	2011	1,506	25		11
	Chairmen of the Permanent Strategic Committee	1/1.2010-12/31.2010	2011	6			
	Chairman of the Corporate Governance, HR and Nomination Committee	1/1.2010-12/31.2010	2011	6			
	Chairmen of the Remuneration Committee	1/1.2010-12/31.2010	2011	2			
	Member of the Internal Control & Risks Committee	1/1.2010-12/31.2010	2011	44			
	Member of the Internal Control Sub-Committee	11/9.2010-12/31.2010	2011				
	Member of the Risks Sub-Committee	11/9.2010-12/31.2010	2011				
Luigi Castelletti	Deputy Vice Chairman of the Board of Directors	1/1.2010-12/31.2010	2011	241	4		17
	Member of the Permanent Strategic Committee	1/1.2010-12/31.2010	2011	45			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2010-12/31.2010	2011	46			
	Member of the Remuneration Committee	1/1.2010-12/31.2010	2011	42			
	Member of the Internal Control & Risks Committee	1/1.2010-12/31.2010	2011	44			
	Member of the Internal Control Sub-Committee	11/9.2010-12/31.2010	2011				
	Member of the Risks Sub-Committee	11/9.2010-12/31.2010	2011				
	Chairman of the Related-Parties Transactions Sub-Committee	9/30.2010-12/31.2010	2011				
Farhat Omar Bengdara	Deputy Chairman of the Board of Directors	1/1.2010-12/31.2010	2011	239			
	Member of the Permanent Strategic Committee	1/1.2010-12/31.2010	2011	42			
Vincenzo Calandra Buonaura	Deputy Chairman of the Board of Directors	1/1.2010-12/31.2010	2011	241	4		14
	Member of the Permanent Strategic Committee	1/1.2010-12/31.2010	2011	46			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2010-12/31.2010	2011	46			

Continued: Remuneration paid to Directors, Statutory Auditors and Key Management Personnel (pursuant to article 78 of CONSOB resolution no. 11971 dated 14 may 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION	COMPENSATION					
FIRST AND LAST NAME	POSITION HELD (*)	PERIOD IN OFFICE (*)	EXPIRATION OF TERM OF OFFICE (ON APPROVAL OF ACCOUNTS FOR)	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
DIRECTORS CONTINUED							
Fabrizio Palenzona	Deputy Chairman of the Board of Directors	1/1.2010-12/31.2010	2011	241			
	Member of the Permanent Strategic Committee	1/1.2010-12/31.2010	2011	46			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2010-12/31.2010	2011	46			
Alessandro Profumo	Chief Executive Officer	1/1.2010-9/21.2010		243	13		40,280 (1)
	Member of the Permanent Strategic Committee	1/1.2010-9/21.2010		34			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2010-9/21.2010		33			
	Director in other Group companies						
Federico Ghizzoni	Chief Executive Officer	9/30.2010-12/31.2010	Until the next Shareholders' Meeting	108	6	216 (2)	301 (3)
	Member of the Permanent Strategic Committee	9/30.2010-12/31.2010	Until the next Shareholders' Meeting	11			
	Member of the Corporate Governance, HR and Nomination Committee	9/30.2010-12/31.2010	Until the next Shareholders' Meeting	11			
Giovanni Belluzzi	Member of the Board of Directors	1/1.2010-12/31.2010	2011	88	4		5
	Member of the Internal Control & Risks Committee	1/1.2010-12/31.2010	2011	44			
	Member of the Internal Control Sub-Committee	11/9.2010-12/31.2010	2011				
	Member of the Related-Parties Transactions Sub-Committee	9/30.2010-12/31.2010	2011				
Manfred Bischoff	Member of the Board of Directors	1/1.2010-9/21.2010	2011	85			
	Member of the Permanent Strategic Committee	1/1.2010-9/21.2010	2011	44			
Enrico Tommaso Cucchiani	Member of the Board of Directors	1/1.2010-12/31.2010	2011	84			
	Member of the Remuneration Committee	1/1.2010-12/31.2010	2011	41			
Donato Fontanesi	Member of the Board of Directors	1/1.2010-12/31.2010	2011	86			
Francesco Giacomin	Member of the Board of Directors	1/1.2010-12/31.2010	2011	86			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2010-12/31.2010	2011	46			
	Member of the Internal Control & Risks Committee	9/30.2010-12/31.2010	2011	11			
	Member of the Risks Sub-Committee	11/9.2010-12/31.2010	2011				
Piero Gnudi	Member of the Board of Directors	1/1.2010-12/31.2010	2011	95	4		6
	Member of the Remuneration Committee	1/1.2010-12/31.2010	2011	41			
Friedrich Kadrnoska	Member of the Board of Directors	1/1.2010-12/31.2010	2011	86			
	Member of the Remuneration Committee	1/1.2010-12/31.2010	2011	42			
	Director in other Group companies						4
Marianna Li Calzi	Member of the Board of Directors	1/1.2010-12/31.2010	2011	86	4		5
	Member of the Internal Control & Risks Committee	1/1.2010-12/31.2010	2011	44			
	Member of the Internal Control Sub-Committee	11/9.2010-12/31.2010	2011				
	Member of the Related-Parties Transactions Sub-Committee	9/30.2010-12/31.2010	2011				
Salvatore Ligresti	Member of the Board of Directors	1/1.2010-12/31.2010	2011	84			
Luigi Maramotti	Member of the Board of Directors	1/1.2010-12/31.2010	2011	86			
	Member of the Permanent Strategic Committee	1/1.2010-12/31.2010	2011	45			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2010-12/31.2010	2011	45			
	Member of the Internal Control & Risks Committee	9/30.2010-12/31.2010	2011	11			
	Member of the Internal Control Sub-Committee	11/9.2010-12/31.2010	2011				

Part H - Related-Party Transactions (Continued)

Continued: Remuneration paid to Directors, Statutory Auditors and Key Management Personnel (pursuant to article 78 of CONSOB resolution no. 11971 dated 14 may 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION	COMPENSATION					
FIRST AND LAST NAME	POSITION HELD (*)	PERIOD IN OFFICE (*)	EXPIRATION OF TERM OF OFFICE (ON APPROVAL OF ACCOUNTS FOR)	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
DIRECTORS CONTINUED							
Antonio Maria Marocco	Member of the Board of Directors	1/1.2010-12/31.2010	2011	86	4		5
	Chairman of the Supervisory Body	1/1.2010-12/31.2010	2011	38			
Carlo Pesenti	Member of the Board of Directors	1/1.2010-12/31.2010	2011	85			
	Member of the Remuneration Committee	1/1.2010-12/31.2010	2011	42			
Lucrezia Reichlin	Member of the Board of Directors	1/1.2010-12/31.2010	2011	85			
	Member of the Internal Control & Risks Committee	1/1.2010-12/31.2010	2011	44			
	Member of the Risks Sub-Committee	11/9.2010-12/31.2010	2011				
	Member of the Supervisory Body	11/1.2010-12/31.2010	2011				
Hans Jürgen Schinzler	Member of the Board of Directors	1/1.2010-12/31.2010	2011	85			
	Member of the Permanent Strategic Committee	1/1.2010-12/31.2010	2011	44			
	Member of the Remuneration Committee	1/1.2010-12/31.2010	2011	42			
Theodor Waigel	Member of the Board of Directors	1/1.2010-12/31.2010	2011	85	4		
Anthony Wyand	Member of the Board of Directors	1/1.2010-12/31.2010		86			
	Member of the Permanent Strategic Committee	1/1.2010-12/31.2010	2011	45			
	Chairman of the Internal Control & Risks Committee	1/1.2010-12/31.2010		199			
	Chairman of the Internal Control Sub-Committee	11/9.2010-12/31.2010	2011				
	Chairman of the Risks Sub-Committee	11/09.2010-12/31.2010					
Franz Zwickl	Member of the Board of Directors	1/1.2010-12/31.2010	2011	86			
	Member of the Internal Control & Risks Committee	1/1.2010-12/31.2010	2011	44			
	Member of the Risks Sub-Committee	11/9.2010-12/31.2010	2011				
	Director in other Group companies						4
STATUTORY AUDITORS							
Maurizio Lauri	Chairman of the Board of Statutory Auditors	4/23.2010-12/31.2010	2012	98			4
Cesare Bisoni	Standing Auditor	4/23.2010-12/31.2010	2012	75	3		2
	Statutory Auditor in other Group Companies						40
Vincenzo Nicastro	Standing Auditor	1/1.2010-4/22.2010		99			4
		4/23.2010-12/31.2010	2012				
	Statutory Auditor in other Group Companies						110
Michele Rutigliano	Standing Auditor	4/23.2010-12/31.2010	2012	75			3
	Statutory Auditor in other Group Companies						96
Marco Ventoruzzo	Standing Auditor	4/23.2010-12/31.2010	2012	73			3
Giorgio Loli	Chairman of the Board of Statutory Auditors	1/1.2010-4/22.2010		33			1
	Statutory Auditor in other Group Companies						31
Gian Luigi Francardo	Standing Auditor	1/1.2010-4/22.2010		26			1
	Statutory Auditor in other Group Companies						77
Siegfried Mayr	Standing Auditor	1/1.2010-4/22.2010		25			1
Aldo Milanese	Standing Auditor	1/1.2010-4/22.2010		30			1
	Statutory Auditor in other Group Companies						123
Paolo Domenico Sfameni	Alternate Auditor	4/23.2010-12/31.2010	2012				
	Statutory Auditor in other Group Companies						72
Giuseppe Verrascina	Alternate Auditor	1/1.2010-04/22.2010					
	Statutory Auditor in other Group Companies						49

Continued: Remuneration paid to Directors, Statutory Auditors and Key Management Personnel (pursuant to article 78 of CONSOB resolution no. 11971 dated 14 may 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION		COMPENSATION				
FIRST AND LAST NAME	POSITION HELD (*)	PERIOD IN OFFICE (*)	EXPIRATION OF TERM OF OFFICE (ON APPROVAL OF ACCOUNTS FOR)	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
GENERAL MANAGER							
Roberto Nicastro	General Manager	11/1.2010-12/31.2010	2011		2	156 (4)	169 (5)
KEY MANAGEMENT PERSONNEL					140	5,289 (6)	20,468 (7)

(*) On April 22, 2010 the Ordinary Shareholders' Meeting elected the new Board of Statutory Auditors. The new Statutory Auditors Maurizio Lauri (Chairman), Cesare Bisoni, Michele Rutigliano, Marco Ventoruzzo and the Alternate Auditor Paolo Domenico Sfameni succeeded the Statutory Auditors Giorgio Loli (Chairman), Gian Luigi Francardo, Siegfried Mayr, Aldo Milanese and the Alternate Auditor Giuseppe Verrascina.

On September 30, 2010 the Board of Directors approved the following resolutions:
- the "Internal Control & Risks Committee" was renamed "Internal Controls & Risks Committee";
- the restructuring of the above Committee in the following three Sub-Committees: (i) Internal Controls Sub-Committee, (ii) Risks Sub-Committee and (iii) Related-Parties Transactions Sub-Committee;
- the increase in the number of the members of the above Committee from 7 to 9 and the associated appointment of the Directors Francesco Giacomin and Luigi Maramotti as new members;
- the appointment of the First Deputy Chairman Mr Castelletti and the Directors Messrs Belluzzi and Li Calzi as Members of the Related-Parties Transactions Sub-Committee;

On November 9, 2010 the Committee for Internal Controls & Risks appointed the members of the Internal Controls Sub-Committee and the Risks Sub-Committee;
- Internal Controls Sub-Committee: Anthony Wyand (Chairman), Dieter Rampl, Luigi Castelletti, Giovanni Belluzzi, Marianna Li Calzi and Luigi Maramotti;
- Risks Sub-Committee: Anthony Wyand (Chairman), Dieter Rampl, Luigi Castelletti, Francesco Giacomin, Lucrezia Reichlin and Franz Zwickl.

On September 30, 2010 the Board of Directors appointed the Director Lucrezia Rechlin member of the Supervisory Body pursuant to Legislative Decree 231/2001.

Carlo Pesenti's compensations were paid to Italmobiliare S.p.A.

Compensations for the offices of Director in other Group companies (totaling €240 thousand) were paid directly to UniCredit S.p.A.

(1) The amount includes, additionally to the base salary and other non-variable components related to the employment relationship for € 2.28 million, also € 38 million in connection with the individual termination agreement signed on 09/21/2010, that in details provided for:
- the payment to Mr. Profumo of an "incentivo all'esodo" (incentive to leave) equal to € 36.5 million;
- a one year non competition undertaking, with a specific consideration of €1.5 million; based on such commitment, Mr. Profumo can not perform, for the lenght of its duration, any activity, under any form, for financial companies in Italy, Germany and Austria; the consideration is paid in arrears in quarterly instalments;
- the right for Mr. Profumo to keep 33,935,714 UniCredit stock options, received in the previous years within long term incentive plans and at the time already duly subject of disclosure to the market, with an average exercise price of € 4.2327;
- the waiver by Mr. Profumo of the entitlements linked, among the others, to the incentive system 2010, to the deferrals of the incentive 2009, to the Performance Shares 2007 and 2008 and to the long term cash incentive system 2010-2012.

Within such agreement, UniCredit also committed to effect a charitable donation of € 2 million to a non-profit organization.

(2) Of which ca € 52 thousand as deferred incentive for the year 2009.

(3) The amount includes the base salary and other non-variable components related to the employment relationship, for the period during which the role has been covered.

(4) Of which ca € 55 thousand as deferred incentive for the year 2009.

(5) The amount represents the base salary for the employment relationship, for the period during which the role has been covered

(6) Of which ca € 1,539 thousand as deferred incentive for the year 2009.

(7) The amount includes, additionally to the base salary and other non-variable components related to the employment relationship of the overall Key Management Personnel, also € 13,164 thousand paid in connection with the termination of 2 executives.

Part H - Related-Party Transactions (Continued)

Total compensation paid to Directors and top managers in 2010 is given below pursuant to IAS 24 and to the circular no. 262 issued by Banca d'Italia on 22 December 2005 (and updated on 18 November 2009) requiring that also the Statutory Auditors' compensation be included.

In contrast to the Consob table above, these amounts include contributions made by the Company, allocations to severance pay funds and the cost for the year of equity-based payments. The amounts shown do not include compensation for offices held in other Group companies

Remuneration paid to key management personnel (including directors)

	2010	2009
a) short-term employee benefits	26,517	32,711
b) post-retirement benefits	2,270	2,984
of which: under defined benefit plans	-	-
of which: under defined contribution plans	*2,270*	*2,984*
c) other long-term benefits	49	85
d) termination benefits	51,165	8,687
e) share-based payments	7,776	20,672
Total	**87,777**	**65,139**

2010 data are not totally comparable to the 2009 ones, due to a different configuration of the area in scope of the reporting.

The increase in costs year on year is almost entirely due to termination benefits, for their details please refer the notes at the bottom of the table "Remuneration paid to Directors, Statutory Auditors and Key Management Personnel".

2. Related-Party transactions

It is established company practice, in the performance of its activity, to respect at all times the criteria of transparency, substantial and procedural correctness in transactions with related parties, as identified by the CONSOB and the international accounting standard IAS 24, in line with laws and regulations prevailing from time to time.

As regards procedural profiles, from the end of the 1990's the company had already defined – in compliance with the recommendations made on the subject by CONSOB – a process for monitoring and informing the Board of Directors (and the Board of Statutory Auditors) about significant (atypical and/or unusual) transactions concluded with related parties. This process is intended to formalise the flow of information to the Board of Statutory Auditors, with information about the characteristics, the parties involved and the associated effects on the company's balance sheet, income statement and financial position, for all transactions with related parties, and has regularly provided appropriate information in the report on operations that accompanies the annual financial statements.

UniCredit, as a listed issuer, is also required to respect the information requirements foreseen in the CONSOB regulations in force, in relation to transactions with related parties, even when carried out through subsidiaries.

In this regard, in November 2010 the Board of Directors approved new rules covering related-party transactions, as required by the Consob regulation adopted by resolution 17221 dated 12 March 2010 as amended, which lays down rules to be complied with by Italian companies having shares listed on regulated Italian or other EU country markets and distributed to the public in sufficient quantity in order to guarantee the transparency and the substantial and procedural propriety of related-party transactions. To this end the company's departments and Group entities have been issued with the necessary instructions to comply with the above reporting requirements as from 1 January 2011.

Intercompany transactions and/or transactions with related parties in general, both Italian and foreign, carried out by UniCredit in 2010 were performed on the basis of evaluations of reciprocal economic benefits. Conditions were defined strictly on the basis of the criteria of substantial correctness, in line with the shared goal of creating value for the entire group. These transactions were completed, as a rule, under conditions similar to those applied in transactions with unrelated third parties.

The same principle was also applied in relation to the intercompany supply of services, which were quantified on the basis of a minimum charge calculated to recover the related costs of production. The main services supplied internally within the UniCredit Group—information technology, real estate management and back office-are centralised in ad hoc legal entities or dedicated service centres, to achieve significant synergies, and the related level of service is monitored by the central departments of the Issuer. Services are supplied in accordance with specific contracts, i.e., service level agreements, entered intobetween each single supplier and customer. The service level agreements govern, among other things, the type of service to be provided, the amount of payment for the services, and the method by which the payment due is calculated.

While complying with the principle set out in art. 2391 of the Italian Civil Code on the subject of directors' interests, the Company must also comply with art. 136 of Legislative Decree 385/93 (Consolidated Banking Act) on the subject of the obligations of corporate banking officers, which provides that they (or any party related to them) may assume obligations to the bank they manage, direct or control, only after unanimous approval of the governing body and the favorable vote of the members of the controlling body.

For this purpose, the above officers are required to give notice of individuals or legal entities with whom the establishment of possible relations could be construed as generating this type of obligation pursuant to article 136 of Legislative Decree 385/93 (nominees and companies controlled by company officers as well as companies in which they perform administration, management or control functions, and their subsidiaries or parents).
It is company practice to use the services of independent experts to issue fairness or legal opinions when the nature of the transaction, including those with related parties, so requires.

The following table sets out the assets, liabilities and guarantees as at December 31, 2010, for each group of related parties:

	AMOUNTS AS AT 12.31.2010				
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES
Financial assets held for trading	2,513,998	-	-	-	27,809
Financial assets at fair value through profit or loss	1	-	-	-	-
Avalaible-for-sale-financial assets	-	-		-	-
Held -to-maturity investments	-	-	-	-	-
Loans and receivables with banks	18,840,439	187,242	-	-	2,649,282
Loans and receivables with customers	28,339,076	533,000	103,343	2,716	370,537
Investments in associates and joint ventures	60,005,108	2,085	1,935,617	-	-
Other assets	3,306,436	10,978	16,216	2	194
Total assets	**113,005,058**	**733,305**	**2,055,176**	**2,718**	**3,047,822**
Deposits from banks	19,551,916	50,142	2,725	-	-
Deposits from customers	2,959,925	3,052	31,375	2,592	110,789
Securities and financial liabilities	24,514,680	-	2,020	-	-
Other liabilities	4,177,297	-	1,789	2	9,789
Total liabilities	**51,203,818**	**53,194**	**37,909**	**2,594**	**120,578**
Guarantees issued and commitments	**31,026,525**	**1,409,209**	**39,744**	**-**	**68,296**

The following table sets out the impact of transactions with related parties on the main Income Statement items, for each group of related parties.

	2010				
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES
Interest income and similar revenues	1,595,088	45,873	5,603	87	5,244
Interest expenses and similar chages	(739,446)	(282)	(1,026)	(28)	(497)
Fee and commission income	568,838	865	452,912	8	3,635
Fee and commission expenses	(107,040)	(60)	(10,614)	(1)	(10)
Dividend income and similar revenue	-	-	62,447	-	-
Gains and losses on financial assets and liabilities held for trading	(1,483,744)	-	-	-	-
Fair value adjustments in hedge accounting	(283,249)	-	-	-	-
Staff expenses	(14,846)	2,310	(359)	-	-
Other administrative expenses	(1,782,760)	(967)	(17,252)	-	-
Other operating expenses	(391)	-	-	-	-
Other operating income	23,445	1,252	51	-	-
Total	**(2,224,105)**	**48,991**	**491,762**	**66**	**8,372**

Pursuant to the provisions of applicable regulations, in 2010 no atypical and/or unusual transactions were carried out whose significance/size could give rise to doubts as to the protection of company assets and minority interest, either with related or other parties.

Information on Stock options and other equity instruments granted to directors, general managers and other key management personnel, in accordance with Section 78 of the Issuers' Regulation no. 11971 requirements, are provided below.

Part H - Related-Party Transactions (Continued)

UniCredit Stock option granted to Directors, General Managers and other key management personnel (pursuant to Article 78 of CONSOB Resolution No. 11971 dated 14 May 1999 et seq.)

		OPTIONS HELD AT BEGINNING OF THE PERIOD [1]			OPTIONS GRANTED DURING THE PERIOD			OPTIONS EXERCISED DURING THE PERIOD			OPTIONS EXPIRED IN THE PERIOD [2]	OPTIONS HELD AT THE END OF THE PERIOD [3]		
FULL NAME	POSITION HELD	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE	AVERAGE MATURITY	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE	AVERAGE MATURITY	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE	AVERAGE MARKET PRICE AT EXERCISE DATE	NUMBER OF OPTIONS	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE	AVERAGE MATURITY
Alessandro Profumo	CEO	33,935,714	4.4687	Aug-17	-	-	-	-	-	-	-	33,935,714	4.2327	Aug-17
Federico Ghizzoni	CEO	1,950,000	4.4647	Jun-18	-	-	-	-	-	-	-	1,950,000	4.2288	Jun-18
Roberto Nicastro	General Manager	9,143,126	4.5276	Sep-18	-	-	-	-	-	-	-	9,143,126	4.2886	Sep-18
Other managers	Key management personnel	21,556,820	4.5552	Aug-18	-	-	-	-	-	-	10,284,216	11,272,604	4.2170	Jul-18
Total of Stock options		**66,585,660**			**-**				**-**		**10,284,216**	**56,301,444**		

(1) The opening balance is different from 2009 ending balance because some changes in managers qualified as KMP had occurred and the capital increase resolved by the UniCredit Extraordinary Shareholders' Meeting held on 16th November 2009 and completed on 24th February 2010, implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.95476659.

(2) Options expired data includes only rights cancelled after resignation / retirement with loss of rights.

(3) Options held at the end of the period includes 33,935,714 rights granted to managers who leaved KMP's office during 2010 without loss of rights.

"Average exercise price" and "Average maturity" are weighted according to the number of rights.

Other UniCredit equity instruments granted to Directors, General managers and other key management personnel (pursuant to Article 78 of CONSOB Resolution No. 11971 dated 14 May 1999 et seq.)

		PERFORMANCE SHARES HELD AT BEGINNING OF THE PERIOD [1]			PERFORMANCE SHARES GRANTED DURING THE PERIOD			PERFORMANCE SHARES EXERCISED DURING THE PERIOD			PERFORMANCE SHARES EXPIRED IN THE PERIOD [2]	PERFORMANCE SHARES HELD AT THE END OF THE PERIOD		
FULL NAME	POSITION HELD	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MATURY	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MATURY	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MARKET PRICE AT EXERCISE DATE	NUMBER OF OTHER EQUITY INSTRUMENTS	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MATURY
Alessandro Profumo	CEO	2,009,119	-	Apr-11	-	-	-	-	-	-	2,009,119	-	-	-
Federico Ghizzoni	CEO	343,384	-	Mar-11	-	-	-	-	-	-	91,362	252,022	-	Sep-11
Roberto Nicastro	General Manager	968,644	-	Jan-11	-	-	-	-	-	-	304,305	664,339	-	Jul-11
Other managers	Key management personnel	2,809,124	-	Mar-11	-	-	-		-		1,638,952	1,170,172	-	Aug-11
Total Performance shares		**6,130,271**			**-**			**-**			**4,043,738**	**2,086,533**		

(1) The opening balance is different from 2009 ending balance because some changes in managers qualified as KMP had occurred and the capital increase resolved by the UniCredit Extraordinary Shareholders' Meeting held on 16th November 2009 and completed on 24th February 2010, implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.95476659.

(2) Performance Shares expired in the period in includes 2,548,773 promised shares cancelled after resignation/retirement with loss of rights.

"Avarage maturity" are weighted according to the number of rights.

Further information related to the mentioned long term incentive plans are exposed in "Part I - Share based payments".

Part I - Share-based Payments

Part I - Share-based Payment

A. Qualitative information

1. Description of payment agreements based on own equity instruments

1.1 OUTSTANDING INSTRUMENTS

Group Medium & Long Term Incentive Plans for selected employees include the following categories:
- **Equity-Settled Share Based Payments;**
- **Cash Settled Share Based Payments**[1].

The first category includes the following:
- **Stock Options** allocated to selected Top & Senior Managers and Key Talents of the Group;
- **Performance Shares** allocated to selected Top & Senior Managers and Key Talents of the Group and represented by free UniCredit ordinary shares that the Company undertakes to grant, conditional upon achieving performance targets set at Group and strategic area in the Strategic Plan and any amendments thereto approved by the Board;
- **Employee Share Ownership Plan (ESOP)** that offers to eligible Group employees the possibility to buy UniCredit ordinary shares with the following advantages: granting of free ordinary shares ("Discount Shares" and "Matching Shares" or, for the second category, rights to receive them) measured on the basis of the shares purchased by each Participant ("Investment Shares") during the "Enrolment Period". The granting of free ordinary shares is subordinated to vesting conditions (other than market conditions) stated in the Plan Rules.

The second category includes synthetic "Share Appreciation Rights" linked to the share-value and performance results of some Group-Companies[2].

1.2 MEASUREMENT MODEL

1.2.1 Stock Options

The Hull and White Evaluation Model has been adopted to measure the economic value of Stock Options.

This model is based on a trinomial tree price distribution using the Boyle's algorithm and estimates the early exercise probability on the basis of a deterministic model connected to:
- reaching a Market Share Value equals to an exercise price- multiple (M);
- probability of beneficiaries' early exit (E) after the end of the Vesting Period.

Any new Stock Options' Plans haven't been granted during 2010.

1.2.2 Other equity instruments (Performance Shares)

The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends during the performance period. Parameters are estimated by applying the same model used for Stock Options measurement.

Any new Performance Shares' Plans haven't been granted during 2010.

1.2.3 Employee Share Ownership Plan

For both Discount Shares and Matching Shares (or rights to receive them) the fair value is measured at the end of the Enrolment Period according to the weighed average price paid by Participants to buy the Investment Shares on the market.

The following tables show the measurements and parameters used in relation to Discount Shares and Matching Shares (or rights to receive them) connected to the "Employee Share Ownership Plan" approved in 2009.

Measurement of Discount Shares ESOP 2009

	DISCOUNT SHARES
Date of Discount Shares delivery to Group employees	01.14.2011
Vesting Period Start-Date	01.01.2011
Vesting Period End-Date	12.31.2013
Discount Shares' Fair Value per unit [€]	1.880

1. Linked to the economic value of instruments representing a Subsidiary's Shareholders' Equity.
2. Pioneer Global Asset Management at the end of 2010.

Measurement of Matching Share ESOP 2009

	MATCHING SHARE
Date of Matching Shares (or related rights) delivery to Group employees	01.14.2011
Vesting Period Start-Date	01.01.2011
Vesting Period End-Date	12.31.2013
Matching Shares (or related rights) Fair Value per unit [€]	1.880

Within the limits of the "Employee Share Ownership Plan" approved in 2009:
- all Profit and Loss and Net Equity effects related to Discount Shares had been booked during 2010 (excepting adjustments, according to Plan Rules, that will be booked during 2011);
- during the three-year period 2011-2013 will be booked the Profit and Loss and Net Equity effects related to Matching Shares (or rights to receive them).

B.Quantitative information

1. Annual changes

UniCredit Stock Options

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2010 [(1)] NUMBER OF OPTIONS	YEAR 2010 [(1)] AVERAGE EXERCISE PRICE [€]	YEAR 2010 [(1)] AVERAGE MATURITY	YEAR 2009 [(1)] NUMBER OF OPTIONS	YEAR 2009 [(1)] AVERAGE EXERCISE PRICE [€]	YEAR 2009 [(1)] AVERAGE MATURITY
A. Outstanding at beginning of period	**232,968,958**	**4.0820**	**Jun-2017**	**268,635,090**	**4.0935**	**Nov-2016**
B. Increases	**-**			**-**		
B.1 New issues	-			-		
B2. Other	-			-		
C. Decreases	**25,756,877**			**35,666,132**		
C.1 Forfeited	24,911,209	4.3212		13,936,976	4.2753	
C.2 Exercised [(1)]	-			-		
C.3 Expired	845,668	3.8923		21,729,156	4.1012	
C.4 Other	-			-		
D. Outstanding at end of period	**207,212,081**	**4.0540**	**May-2017**	**232,968,958**	**4.0820**	**Jun-2017**
E. Vested Options at end of period	**108,306,573**	**3.9332**	**Jul-2016**	**90,852,602**	**3.6280**	**Aug-2015**

(1) The information related to Number of options and Average exercise price had been modified:
a. as the free capital increase resolved by the UniCredit Annual General Meeting on April 29, 2009 ("scrip dividend"), implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.88730816;
b. as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on November 16,2010 and finalized on February 24, 2010, implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0,95476659;

Other UniCredit equity instruments: Performance Shares and Restricted Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2010 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2010 AVERAGE EXERCISE PRICE [€]	YEAR 2010 AVERAGE MATURITY	YEAR 2009 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2009 AVERAGE EXERCISE PRICE [€]	YEAR 2009 AVERAGE MATURITY
A. Outstanding at beginning of period	**35,074,877**	**-**	**Apr-2011**	**46,923,880**	**-**	**Aug-2010**
B. Increases	**1,563,284**			**5,259,483**		
B.1 New issues	1,563,284			-		
B2. Other [(1)]	-			5,259,483		
C. Decreases	**13,426,593**			**17,108,487**		
C.1 Forfeited	12,473,151			12,854,032		
C.2 Exercised [(2)]	953,442			4,254,455		
C.3 Expired	-			-		
C.4 Other	-			-		
D. Outstanding at end of period [(3)]	**23,211,568**	**-**	**Sep-2011**	**35,074,876**	**-**	**Apr-2011**
E. Vested instruments at end of period	**6,489,931**			**8,579,747**		

(1) This item refers to the increase in number of Performance Shares promised to beneficiaries as consequence of the "adjustment factor" equal to 0.88730816 recommended by AIAF (Associazione Italiana Analisti Finanziari), after the free capital increase resolved by the UniCredit Annual General Meeting on April 29, 2009 ("scrip dividend"). The "adjustment factor" had been applied only to Performance Shares promised to beneficiaries still entitled to receive them on May 18, 2009 (trading date "ex attribution").
(2) The average market price at the exercise date is equal to € 2.0153.
(3) UniCredit undertakes to grant, conditional upon achieving performance targets set in the Strategic Plan, 23,211,568 ordinary shares at the end of 2010 35,074,877 ordinary shares at the end of 2009).

Part I - Share-based Payment (Continued)

According to ESOP 2009 Plan Rules, in January 2011 had been delivered to Group Participants:
- 299,702 Discount Shares related to services rendered during 2010;
- 1,043,574 Matching Shares and 222,312 rights to receive them; these shares (or rights) are subject to a three-year vesting during the period 2011-2013.

The said above UniCredit free ordinary shares had been acquired on the market.

2. Other information

Employee Share Ownership Plan 2010
In April 2010 the Ordinary Shareholders' Meeting approved the "UniCredit Group Employee Share Ownership Plan 2010" ("ESOP 2010") that offers to eligible Group employees the opportunity to purchase UniCredit ordinary shares at favorable conditions in order to reinforce employees' sense of belonging and commitment to achieve the corporate goals.

The ESOP 2010 was launched on October 27, 2009 in 12 countries across the Group (Austria, Bulgaria, Czech Republic, Germany, Hungary, Italy, Poland, Romania, Serbia, Slovakia, UK and Luxemburg) with a participation rate of about 3.44% of the eligible employees.

The ESOP 2010 is a broad based share plan under which:

1. during the **"Enrolment Period"** (from January 2011 to December 2011) the Participants can buy UniCredit ordinary shares ("Investment Shares") by means of monthly or one-off contributions (via one to three installments in March, May and/or October 2011) taken from their Current Account. In case, during this Enrolment Period, a Participant leaves the Plan, he/she will lose the right to receive any free ordinary shares at the end of the Enrolment Period;
2. at the end of the Enrolment Period (January 2012), each Participant will receive one free ordinary share (**"Discount Share"**) every 20 shares purchased; Discount Shares will be locked up for three years;
3. furthermore, at the end of the Enrolment Period, the Participant will receive another free restricted share (**"Matching Share"**) every 5 shares acquired, considering for the computation both the Investment Shares and the Discount Shares; also this free ordinary share will be subject to lockup for the next three years but, differently from the Discount Share, the Participant will lose the entitlement to the Matching Share if, during the three-year holding period, he/she will no longer be an employee of a UniCredit Group Company unless the employment has been terminated for one of the specific reasons stated in the Rules of the Plan. In some countries, for fiscal reasons, it will not be possible to grant the Matching Shares at the end of the Enrolment Period: in that case an alternative structure is offered that provides to the Participants of those countries the right to receive the Matching Shares at the end of the Holding Period ("Alternative Structure");
4. during the **"Holding Period"** (from January 2012 to January 2015), the Participants can sell the Investment Shares purchased at any moment, but they will lose the corresponding Matching Shares (or right to receive them).

Discount Shares and Matching Shares are qualified as "Equity Settled Share-based Payments" as Participants, according to Plan's Rules, will receive UniCredit Equity Instruments as consideration for the services rendered to the legal entity where they are employed. For both Discount Shares and Matching Shares (or rights to receive them) the fair value will be measured at the end of the Enrolment Period according to the weighed average price paid by Participants to acquire the Investment Shares on the market.

All Profit and Loss and Net Equity effects related to ESOP 2010 will be booked as follows:
- during 2011 for Discount Shares;
- during the three-year period 2012-2014 for Matching Shares (or rights to receive them).

ESOP 2010 has not been produced any effect on 2010 Financial Statement.

Effects on Profit or Loss
All Share-Based Payment granted after November 7, 2002 which vesting period ends after January 1, 2005 are included within the scope of the IFRS2. Financial liabilities related to Cash-settled payment plans have been recognized if not yet settled on January 1, 2005.

Financial statement presentation related to share based payments

(€/000)

	2010		2009	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
(Costs)/Revenues	**3,129**		**(37,875)**	
- connected to Equity Settled Plans	*3,129*		*(37,875)*	
- connected to Cash Settled Plans	-		-	
Debts for Cash Settled Plans (1)	**948**	**948**	**5,157**	**5,157**
- of which Intrinsic Value		*151*		*4,276*

(1) These debts are related to PGAM share's based medium - long term incentive plans and are offset by an equal credit towards PGAM that is booked in "other assets". Costs related to these incentive plans are recognized by the subsidiaries receiving "services" from the grantees.

Part L - Segment Reporting

Part L - Segment Reporting

Segment Reporting of UniCredit S.p.A., Parent Company of the UniCredit banking group, is provided in Part L of the consolidated notes to the accounts, in accordance to the IFRS 8.

Annexes

Reconciliation of Condensed Account to Mandatory Reporting Schedule (Amounts in million of €)

A reconciliation of the reclassified balance sheet and profit and loss account to the mandatory reporting schedules, is provided below.

Balance Sheet

	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	12.31.2010	12.31.2009	
Assets			Part B) Assets
Cash and cash balances = *item 10*	2,152	5,914	Table 1.1
Financial assets held for trading = *item 20*	10,128	6,352	Table 2.1
Loans and receivables with banks = *item 60*	33,806	203,963	Table 6.1
Loans and receivables with customers = *item 70*	253,102	51,665	Table 7.1
Financial investments	87,451	83,833	
30. Financial assets at fair value through profit or loss	*435*	*435*	Table 3.1
40. Available-for-sale financial assets	*21,174*	*9,427*	Table 4.1
50. Held-to maturity invstments	*3,899*	*4,059*	Table 5.1
100. Investments in associates and joint ventures	*61,943*	*69,912*	Table 10.2
Hedging instruments	5,089	4,411	
80. Hedging derivatives	*3,203*	*4,203*	*Table 8.1*
90. Changes in fair value of portfolio hedged items	*1,886*	*208*	*Table 9.1*
Property, plant and equipment = *item 110*	281	33	Table 11.1
Goodwill = *item 120 - intangible assets net of which: goodwill*	7,707	8,739	Table 12.1
Other intangible assets = *item 120 - Intangible assets net of goodwill*	33	31	Table 12.1
Tax assets = *item 130*	6,954	5,563	
Non-current assets and disposal groups classified as held for sale = *item 140*	22	-	Table 14.1
Other assets = *item 150*	8,655	2,452	Table 15.1
Total assets	**415,380**	**372,956**	

Balance Sheet

	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	12.31.2010	12.31.2009	
Liabilities and shareholders' equity			Part B) Liabilities
Deposits from banks = item 10	49,024	159,607	Table 1.1
Deposits from customers and debt securities in issue	281,694	147,007	
20. Deposits from customers	*158,154*	*15,911*	Table 2.1
30. Debt securities in issue	*123,540*	*131,096*	Table 3.1
Financial liabilities held for trading = *item 40*	6,875	2,939	Table 4.1
Financial liabilities at fair value through profit or loss = *item 50*	51	-	Table 5.1
Hedging instruments	4,946	5,045	
60. Hedging derivatives	*3,580*	*3,585*	Table 6.1
70. Changes in fair value of portfolio hedged items	*1,366*	*1,460*	Table 7.1
Provisions for risks and charges = *item 120*	1,782	1,258	Table 12.1
Tax liabilities = *item 80*	495	615	
Liabilities included in disposal group classifid as held for sale = *item 90*	-	-	
Other liabilities	12,743	2,393	
100. Other liabilities	*11,698*	*2,306*	Table 10.1
110. Provision for employee severance pay	*1,045*	*87*	Table 11.1
Shareholders' equity	57,770	54,092	Part F) Shareholders'
- Capital and reserves	56,909	53,958	Equity
130. Revaluation reserves, of which: Special revaluation laws	*277*	*277*	Table B.1
160. Reserves	*7,663*	*8,712*	
170. Share premium	*39,322*	*36,581*	
180. Issued capital	*9,649*	*8,390*	Table B.1
190. Treasury shares	*-2*	*-2*	Table B.1
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	78	83	
130. Revaluation reserves, of which: Available-for-sale financial assets	*-165*	*144*	Table B.1
130. Revaluation reserves, of which: Cash-flow hedges	*243*	*-61*	Table B.1
- Net profit = *item 200*	783	51	
Total liabilities and shareholders' equity	**415,380**	**372,956**	

Reconciliation of Condensed Account to Mandatory Reporting Schedule (Continued)

Income Statement

	YEAR 2010	YEAR 2009	SEE NOTES TO THE ACCOUNTS
			Part C)
Net interest = item 30. Net interest margin	5,043	-587	Tables 1.1 and 1.4
Dividends and other income from equity investments	2,786	1,324	
70. Dividend income and similar revenue	*2,786*	*1,324*	*Table 3.1*
less: dividends from held for trading equity investmens included in item 70	*-*	*-*	*Table 3.1*
Net interest margin	**7,829**	**737**	
Net fees and commissions = item 60	3,313	46	Tables 2.1 and 2.3
Net trading, hedging and fair value income	-193	117	
80. Gains and losses on financial assets and liabilities held for trading	*-272*	*96*	*Table 4.1*
+ dividends from held for trading equity investments included in item 70	*-*	*-*	*Table 3.1*
90. Fair value adjustments in hedge accounting	*-*	*-*	*Table 5.1*
100. Gains and losses on disposal of: d) financial liabilities	*73*	*-23*	*Table 6.1*
110. Gains and losses on financial assets and liabilities at fair value through profit or loss	*6*	*44*	*Table 7.1*
Net other expenses/income	36	157	
190. Other net operating income	*300*	*204*	*Tables 13.1 and 13.2*
+ gains and losses on disposal / repurchase on loans and receivablese - not impaired position (from item 100)	*111*	*26*	
less: Other operating income - of which: recovery of costs	*-375*	*-73*	*Tables 13.2*
Net non-interest income	**3,156**	**320**	
OPERATING INCOME	**10,985**	**1,057**	
Payroll costs	3,634	-552	
150. Administrative costs - a) staff expenses	*-3,815*	*-567*	*Table 9.1*
less: integration costs	*181*	*15*	
Other administrative expenses	-3,027	-537	
150. Administrative costs - b) other administrative expenses	*-3,041*	*-538*	*Table 9.5*
less: integration costs	*14*	*1*	
Recovery of expenses = item 190. Other net operating income			
- of which: Operating income - recovery of costs	*375*	*73*	*Tables 13.2*
Amortisation, depreciation and impairment losses on intangible and tangible assets	-83	-8	
170. Impairment/Write-backs on property, plant and equipment	*-78*	*-5*	*Tables 11.1*
180. Impairment/Write-backs on intangible assets	*-5*	*-3*	*Tables 11.2*
Operating costs	**-6,369**	**-1,024**	
OPERATING PROFIT	**4,616**	**33**	
Net provisions for risks and charges	-236	-105	
160. Net provisions for risks and charges	*-237*	*-106*	*Table 10.1*
less: integration costs	*1*	*1*	
Integration costs	-196	-17	
Net impairment losses on loans and provisions for guarantees and commitments	-3,774	-108	
100. Gains and losses on disposal of a) loans	*102*	*6*	
less: gains and losses on disposal / repurchase on loans and receivablese - not impaired position (from item 100)	*-111*	*-26*	
130. Impairment losses on a) loans	*-3,687*	*-38*	*Table 8.1*
130. Impairment losses on d) other financial assets	*-78*	*-50*	
Net income from investments	-3	-205	
100. Gains and losses on disposal of b) available-for-sale financial assets	*71*	*74*	
130. Impairment losses on: b) available-for-sale financial assets	*-72*	*-156*	
210. Profit (loss) of associates - of which: Write-backs (write-downs) of equity investments	*-27*	*-126*	
210. Profit (loss) of associates - of which: gains (losses) on disposal of equity investments	*26*	*3*	
240. Gains and losses on disposal of investments	*-1*	*-*	*Table 17.1*
NET PROFIT BEFORE TAX	**407**	**-402**	
Income tax for the period = item 260. Tax expense (income) related to profit or loss from continuing operations	376	453	Table 18.1
NET PROFIT (LOSS) FOR THE PERIOD	**783**	**51**	

Disclosure of fees paid to the Auditing Firm and to entities belonging to its network for financial year 2010

(pursuant to article 149-duodecies, CONSOB Regulation no. 11971/99, as supplemented)

Disclosure of External Auditors' Fees - UniCredit S.p.A. - Financial Year 2010 - KPMG network

As prescribed by §149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2010 for audit services rendered by KPMG SpA and firms in its network.

EXTERNAL AUDITING	SERVICE PROVIDER NAME OF AUDITING FIRM	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE COMPANY NAME	DESCRIPTION OF SERVICE	FEES (€'000) [1]
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Audit of Company and Consolidated Accounts and First Half Report, accounting checks and foreign branches [2]	7,161
Auditing Firm Total				**7,161**
External Auditing Total				**7,161**

CHECKING FOR THE PURPOSES OF OTHER OPINIONS	SERVICE PROVIDER NAME OF AUDITING FIRM	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE COMPANY NAME	DESCRIPTION OF SERVICE	FEES (€'000) [1]
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Issuing comfort letters concerning bond issues; audit of the sustainability report and related reporting system; assessment of the activities related to personal loans secured on one-fifth of net income carried out by UniCredit Family Financing Bank SpA and Family Credit Network SpA; signing the Italian tax declaration forms (Modello Unico and Modello 770 S/O), report on the value of Fondo Capital Italia S.A. shares, monitoring over the servicing report of the securitisation transactions.	1,018
Auditing Firm Total				1,018
Network Auditing Firm(s)				-
Network Auditing Firm(s) Total				-
Data Checking Total				**1,018**

OTHER NON-AUDITING SERVICES	SERVICE PROVIDER NAME OF THE AUDITING FIRM	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE COMPANY NAME	DESCRIPTION OF SERVICE	TYPE	FEES (€'000) [1]
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Checking the English translation of the annual accounts and first half report	Checking	22
Auditing Firm Total					**22**
Network Auditing Firm(s)					-
Network Auditing Firm(s) Total					**-**
Other Non-Auditing Services Total					**22**
Grand Total					**8,201**

(1) net of VAT and out-of-pocket expenses.

(2) Contract authorized by the Resolution of the Shareholders' Meeting of 10 May 2007 for a total amount of € 770,000. Following the absorption of former Capitalia entities and the following business combinations, a further contract implying a total cost of €320,000 was authorized by a Board Resolution dated 12 February 2009. Following the ONE4C merger, a further contract implying a total cost of € 6,071,000 was authorized by a Board Resolution dated 22 March 2011.

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Amounts in thousands of €)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	NO. OF MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Pension Fund for the employees of Cassa di Risparmio di Trieste Collections Division" Registration no. 9081	92	-	Defined benefit		-
Opening balance as at 12.31.2009				**4,853**	
Provisions for the year: - interest cost				223	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				471	
Balance as at 12.31.2010				**4,605**	
Present value of the liabilities				**4,946**	
Non-recognised actuarial gains/losses				**-341**	
"Supplementary Pension Fund for employees of Cassa di Risparmio di Torino in liquidation" Registration no. 9084	4	-	Defined benefit		-
Opening balance as at 12.31.2009				**235**	
Provisions for the year: - interest cost				15	
- actuarial gains/losses recognised in the year				43	
Benefits paid in the year				27	
Balance as at 12.31.2010				**266**	
Present value of the liabilities				**318**	
Non-recognised actuarial gains/losses				**-52**	
"Supplementary Pension Fund for the collection management staff of Cassa di Risparmio di Torino" Registration no. 9085	152	-	Defined benefit		-
Opening balance as at 12.31.2009				**10,008**	
Provisions for the year: - interest cost				463	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				1,043	
Balance as at 12.31.2010				**9,428**	
Present value of the liabilities				**10,333**	
Non-recognised actuarial gains/losses				**-905**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	NO. OF MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Company Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for employees of the agencies of the Tax Collections Service, and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Section A Registration no. 9131	431	-	Defined benefit		-
Opening balance as at 12.31.2009				**34,479**	
Provisions for the year:					
- interest cost				1,761	
- actuarial gains/losses recognised in the year				653	
Benefits paid in the year				5,161	
Other increases				3	
Balance as at 12.31.2010				**31,735**	
Present value of the liabilities				**39,367**	
Non-recognised actuarial gains/losses				**-7,632**	
"Contract for Pensions and Social Security for Staff belonging to the Management/Senior Management, Officers, Managers, Employees, Subordinate employee and Auxiliary staff categories of Cariverona Banca Spa" Registration no. 9013	917	2	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2009				**66,823**	
Provisions for the year:					
- interest cost				3,328	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				9,288	
Balance as at 12.31.2010				**60,863**	
Present value of the liabilities				**74,148**	
Non-recognised actuarial gains/losses				**-13,285**	

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	NO. OF MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary pension fund of the obligatory insurance, invalidity, widows and survivors insurance (managed by the INPS) of the Cassa di Risparmio di Ancona" (absorbed on 1/10/89 by Cariverona Banca Spa) - Registration no. 9033	**44**	**1** (*)	Defined benefit		-
Opening balance as at 12.31.2009				**2,876**	
Provisions for the year:					
- interest cost				134	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				420	
Employees contributions				7	
Balance as at 12.31.2010				**2,597**	
Present value of the liabilities				**2,963**	
Non-recognised actuarial gains/losses				**-366**	
(*) of which:1 deferred benefit					
"Pension fund for employees, clerks and auxiliary workers of Banca Cuneese Lamberti Meinardi & C. - Cuneo" (absorbed on 1/8/92 by Cariverona Banca Spa) - Registration no. 9012	**34**	**7** (*)	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by Employees: 1%
Opening balance as at 12.31.2009				**3,911**	
Provisions for the year:					
- interest cost				211	
- actuarial gains/losses recognised in the year				30	
Current service cost(gross)				16	
Benefits paid in the year				368	
Employees contributions				2	
Balance as at 12.31.2010				**3,802**	
Present value of the liabilities				**4,689**	
Non-recognised actuarial gains/losses				**-887**	
(*) of which:3 deferred benefit					
"Pension fund for the employees of the former Credito Fondiario delle Venezie Spa" Registration no. 9067	**9**	-	Defined benefit		-
Opening balance as at 12.31.2009				**1,259**	
Provisions for the year:					
- interest cost				63	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				125	
Balance as at 12.31.2010				**1,197**	
Present value of the liabilities				**1,425**	
Non-recognised actuarial gains/losses				**-228**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	NO. OF MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Agreement for the regulation of the social security benefits of the employees of the Istituto Federale delle Casse di Risparmio delle Venezie Spa" - Registration no. 9068	**60**	-	Defined benefit		-
Opening balance as at 12.31.2009				**4,266**	
Provisions for the year:					
- interest cost				223	
- actuarial gains/losses recognised in the year				184	
Benefits paid in the year				687	
Balance as at 12.31.2010				**3,986**	
Present value of the liabilities				**5,098**	
Non-recognised actuarial gains/losses				**-1,112**	
"Internal Company Fund (FIA) of the former Credito Romagnolo" + CIP former Banca del Friuli - Registration no. 9151	**1.158**	-	Defined benefit		-
Opening balance as at 12.31.2009				**93,136**	
Provisions for the year:					
- interest cost				4,880	
- actuarial gains/losses recognised in the year				3,754	
Benefits paid in the year				10,018	
Balance as at 12.31.2010				**91,752**	
Present value of the liabilities				**107,409**	
(*) of which: Actual value of the obligation stipulated by the Agreement dated 31.1.1990 item 18				-	
Non-recognised actuarial gains/losses				**-15,657**	
"Supplementary Pension Fund for the employees of the former Carimonte Banca Spa" - Registration no. 9147	**139**	-	Defined benefit		-
Opening balance as at 12.31.2009				**11,726**	
Provisions for the year:					
- interest cost				579	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				1,145	
Balance as at 12.31.2010				**11,160**	
Present value of the liabilities				**12,843**	
Non-recognised actuarial gains/losses				**-1,683**	

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	NO. OF MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Fund for the employees of Magazzini Generali" Registration no. 9148	**3**	-	Defined benefit		-
Opening balance as at 12.31.2009				**101**	
Provisions for the year:					
- interest cost				5	
- actuarial gains/losses recognised in the year				10	
Benefits paid in the year				12	
Balance as at 12.31.2010				**104**	
Present value of the liabilities				**127**	
Non-recognised actuarial gains/losses				**-23**	
"Supplementary retirement benefits in favour of the members of the General Management of Credito Italiano who retired between 1 January 1963 and 30 September 1989 attributed to UniCredito Italiano" - Registration no. 9029	**15**	-	Defined benefit		-
Opening balance as at 12.31.2009				**10,039**	
Provisions for the year:					
- interest cost				487	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				1,179	
Balance as at 12.31.2010				**9,347**	
Present value of the liabilities				**10,332**	
Non-recognised actuarial gains/losses				**-985**	
"Company Social Security Fund supplementing INPS benefits for employees of the Tax Collection Service SORIT" - Registration no. 9020	**1**	-	Defined benefit		-
Opening balance as at 12.31.2009				**40**	
Provisions for the year:					
- interest cost				2	
- actuarial gains/losses recognised in the year				6	
Benefits paid in the year				4	
Balance as at 12.31.2010				**44**	
Present value of the liabilities				**41**	
Non-recognised actuarial gains/losses				**3**	
"Company Social Security Fund supplementing INPS benefits. Additional--benefit reserve accounts for employees of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021	**130**	-	Defined benefit		-
Opening balance as at 12.31.2009				**9,223**	
Provisions for the year:					
- interest cost				544	
- actuarial gains/losses recognised in the year				1,596	
Benefits paid in the year				1,093	
Balance as at 12.31.2010				**10,270**	
Present value of the liabilities				**11,396**	
Non-recognised actuarial gains/losses				**-1,126**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	NO. OF MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Social Security Fund supplementing INPS benefits of Cassa Risparmio Carpi SpA Defined-benefit reserve account for former employees" - Registration no. 9022	**56**	-	Defined benefit		-
Opening balance as at 12.31.2009				**3,853**	
Provisions for the year:					
- interest cost				165	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				403	
Balance as at 12.31.2010				**3,615**	
Present value of the liabilities				**3,578**	
Non-recognised actuarial gains/losses				**37**	
"Pension fund for the employees of former UniCredit Banca Mediocredito" - Registration no. 9127	**36**	-	Defined benefit		-
Opening balance as at 12.31.2009				**2,715**	
Provisions for the year:					
- interest cost				129	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				421	
Balance as at 12.31.2010				**2,423**	
Present value of the liabilities				**2,850**	
Non-recognised actuarial gains/losses				**-427**	
Pension fund for the employees of Capitalia Head Office (former Banco di S.Spirito, former Banco di Roma and former Cassa di Risparmio di Roma)" - Registration no. 9165	**104**	**38** (*)	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2009				**80,712**	
Provisions for the year:					
- interest cost				3,998	
- actuarial gains/losses recognised in the year				-	
Current service cost(gross)				124	
Benefits paid in the year				7,904	
Balance as at 12.31.2010				**76,930**	
Present value of the liabilities				**92,006**	
Non-recognised actuarial gains/losses				**-15,076**	

(*) of which: 27 deferred benefit

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	NO. OF MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement post-employment benefits and pensions for staff of the Cassa di Risparmio di Roma - Registration no. 9096	**1,453**	**434** (*)	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2009				**209,137**	
Provisions for the year:					
- interest cost				9,494	
- Current service cost				1,686	
- Past service cost				1,662	
Amounts arising from plan reduction or termination				2,251	
Benefits paid in the year				12,252	
Amount paid out following transfer of almost all current participants to the external Group Fund				62,340	
Balance as at 12.31.2010				**149,638**	
Present value of the liabilities				**155,243**	
Non-recognised actuarial gains/losses				**-5,605**	
(*) of which:286 deferred benefit					
Statement of the "Pension Fund for staff of the former Bi-Pop Group CARIRE - Registration no. 1202	-	-	Defined benefit		-
Opening balance as at 12.31.2009				**-186**	
Employer's contributions				223	
Transfer of surpluses to Section 3 of the external Group Fund				409	
Balance as at 12.31.2010				**-**	
Statement of "Post-employment benefit for staff of Banco di Sicilia" - Registration no. 9161	**3,117**	**291** (*)	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by employees: Senior Management:0,8% M anagement (3rd and 4th grade):0,6% Management (1st and 2nd grade): 0,30% Other Staff: 0,15%
Opening balance as at 12.31.2009				**159,379**	
Provisions for the year:					
- interest cost				7,435	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				15,416	
Employees contributions				24	
Other decreases				179	
Balance as at 12.31.2010				**151,243**	
Present value of the liabilities				**163,669**	
Non-recognised actuarial gains/losses				**-12,426**	

(*) of which:94 deferred benefit.

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	NO. OF MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement of the “FIP former Sicilcassa - supplementary pension fund for staff of Cassa Centrale di Risparmio V.E. per le province siciliane” - Registration no. 9063	2,804	-	Defined benefit		
Opening balance as at 12.12.2009				**76,072**	
Provisions for the year:					
- interest cost				3,881	-
- actuarial gains/losses recognised in the year				1,772	
Benefits paid in the year				9,733	
Other increases				2	
Balance as at 12.31.2010				**71,994**	
Present value of the liabilities				**85,249**	
Non-recognised actuarial gains/losses				**-13,255**	
Statement of the “Pension fund for employees of the former Banca di Roma - London Branch	161 (*)	-	Defined benefit		
Opening balance as at 12.31.2009				**14,535**	
Provisions for the year:					
- interest cost				1,804	
- performance of plan assets				-1,207	
- actuarial gains/losses recognised in the year				233	-
Transfer of Fund obligations to an insurance company				13,566	
- Exchange rate effect				608	
Balance as at 12.31.2010				**2,407**	
Present value of the liabilities				**44,746**	
Present value of plan assets				**41,352**	
Present value of the liabilities, not funded by plan assets				**3,394**	
Non-recognised actuarial gains/losses				**-987**	
(*) of which: 137 deferred benefit					
“Pension fund for the employees of the London Branch” (ex Credito Italiano)	93 (*)	6	Defined benefit		
Opening balance as at 12.31.2009				**2,233**	
Provisions for the year:					
- Corrent service cost (gross)				155	
- interest cost				834	
- Performance of plan assets				-576	
- actuarial gains/losses recognised in the year				-	-
Benefits paid in the year				649	
Exchange rate effects				71	
Balance as at 12.31.2010				**2,068**	
Present value of the liabilities				**16,692**	
Present value of plan assets				**12,720**	
Present value of the liabilities, not funded by plan assets				**3,972**	
Non-recognised actuarial gains/losses				**-1,904**	

(*) of which: 79 deferred benefit.

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	ACTIVE MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for the employees of the tax collection agencies of the Tax Collection Service and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Sections B e C - Registration no. 9131	**-**	**570**	Defined contribution-individual capitalisation		Payable by the Company for employees ante*: min. 2% max 14.35% for employees post*: min. 2% - max 2.35% + empl. sever. pay + average monthly Euribor rate on equity
Opening balance as at 12.31.2009				**43,261**	
Decreases:				**4,424**	
Capital paid out in the year				3,875	
Transfer to other pension funds				358	
- payment of insurance policy covering death and invalidity risk				191	
Increases;				**3,384**	
Performance of liquid assets net of operating costs and replacement tax				165	
Other changes:					Payable by employees: by employees ante 0.50% by employees post 2%
- contributions paid by employees and the Company (1)				808	
- contributions paid by other Group Companies (1)				2,411	
Balance as at 12.31.2010				**42,221**	
FUND ASSETS					
Liquid assets				42,262	
Items to be settled				-41	
Total assets				**42,221**	

(1) includes employee severance pay ante/post employees: those who joined the complementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force.

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	ACTIVE MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Pension Fund supplementing INPS benefits. Defined-contribution account of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021	-	5	Defined contribution		Employees "ante": (*) - payable by the employee 0.25% with the option to contribute also the employee severance pay - payable by the Company: from 2% to 6.28% Employees "post": (*) - payable by the employee min. 0.25% + sever. pay - payable by the Company: 2%
Opening balance as at 12.31.2009				**33,897**	
Decreases:				**35,002**	
Capital paid out in the year				2,481	
Other changes: - payment of insurance policy covering death and invalidity risk				134	
Amount paid out following transfer of almost all current participants to the external Group Fund				32,387	
Increases:				**1,555**	
Performance of liquid assets net of operating costs and replacement tax				174	
Other changes: - contributions paid by employees and the Company (1)				154	
- contributions paid by other Group Companies (2)				1,227	
Balance as at 12.31.2010				**450**	
FUND ASSETS					
Liquid assets				558	
Items to be settled				-108	
Total assets				**450**	
(1) includes employee severance pay and costs in respect of death and invalidity risk cover (2) includes employee severance pay * ante/post employees: those who joined the supplementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force					
"Company Social Security Fund supplementing INPS benefits. Defined-contribution account - (cost of living) of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021			Defined contribution		
Opening balance as at 12.31.2009				**206**	
Provisions for the year				-	
Balance as at 12.31.2010				**206**	

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2010	ACTIVE MEMBERS AS AT 12.31.2010	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Social Security Fund supplementing INPS benefits - Cassa di Risparmio di Carpi S.p.A. - Pension account" - Registration no. 9022	-		Defined contribution - individual capitalisation		-
Opening balance as at 12.31.2009				**16**	
Decreases:				**16**	
Closing balance of settlements made during the year				16	
Balance as at 12.31.2010				**-**	
FUND ASSETS					
Liquid assets net of items to be settled				-	
Total assets				**-**	
"Company Pension Fund for employees of former UniCredit Banca MEDIOCREDITO S.p.A. - Registration no. 9127	-		Defined contribution		-
Opening balance as at 12.31.2009				**42**	
Decreases:				**42**	
Closing balance of settlements made during the year				42	
Balance as at 12.31.2010				**-**	
FUND ASSETS					-
Liquid assets net of items to be settled				-	
Total assets				**-**	

Internal Pension Funds

The year 2010 saw the effects of the company agreement concerning the ex CRR Pension Fund, which was signed by over 90% of the members who had chosen the option of joining Section II of the Group's Pension Fund, thereby switching to the individual capitalization method.

Similarly, following another company agreement, the members of the Pension Fund ex Banca dell'Umbria joined the already mentioned Section II of the Group's Pension Fund. This agreement did not have any effect on the members' benefit method, as the individual capitalization method was already applied.

The liabilities of defined-benefit internal pension funds are determined by using the projected unit credit method. Funded plans' assets are measured at fair value at the balance-sheet date. The balance sheet consists of the Deficit or Surplus (i.e. the difference between the fund's liabilities and its assets) net of unrecognized actuarial gains or losses. Actuarial gains or losses are recognized in the income statement only if they exceed the 10% corridor.

The average weighted rates of the main financial and actuarial assumptions were the following:

	12.31.2010	12.31.2009
Discount rate	4.46%	4.77%
Expected yield of plan assets	5.03%	4.58%
Expected yield of salary growth	3.03%	3.02%
Future increases in pension benefits	2.07%	1.80%
Expected inflation rate	1.79%	2.04%
Mortality rate (*)	RG48 + adjustment	RG48

(*) only for Italy plans.
Adjustments selectively increase life expectation for some age categories.

For whatever life brings

Annual financial statements certification

Annual financial statements certification pursuant to Article 81-ter of Consob Regulation no. 11971/99, as amended

1. The undersigned Federico Ghizzoni (as Chief Executive Officer) and Marina Natale (as the Manager Charged with preparing the financial reports), of UniCredit SpA, taking into consideration Article 154-bis (subparagraph 3 and 4) of Italian Legislative Decree February 24th 1998 n.58, do hereby certify:
   - the adequacy in relation to the Legal Entity features and
   - the actual application

   of the administrative and accounting procedures employed to draw up 2010 annual financial statements.

2. The adequacy of administrative and accounting procedures employed to draw up 2010 annual financial statements has been evaluated applying a Model defined by UniCredit SpA coherent with "Internal Controls - Integrated Framework" (CoSO) and "Control Objective for IT and Related Technologies" (Cobit), which represent international commonly accepted standards for internal control system.

3. The undersigned also certify that:

   3.1 The 2010 annual financial statements:

   a) was prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to European Parliament and Council Regulation no.1606/2002 of July 19, 2002;

   b) corresponds to results of the books and accounts records;

   c) prepared according to Article 9 of the Legislative Decree N.38/05, is suitable to provide a fair and correct representation of the situation of the assets and liabilities, the economic and financial situation of the issuer.

   3.2 The Report on operations shall contain a reliable analysis of the trend and operating results, as well as the situation of the Issuer, together with a description of the main risks and uncertainties they are exposed.

Milan, March 22, 2011

Federico Ghizzoni

Marina Natale

For whatever life brings

Reports and Resolutions

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING APPROVING THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010, PURSUANT TO LEGISLATIVE DECREE 58/98, SECTION 153, PARAGRAPH 1 AND TO THE ITALIAN CIVIL CODE, SECTION 2429, PARAGRAPH 3

Dear Shareholders,

During the financial year ended on December 31, 2010, the Board of Statutory Auditors carried out the supervisory activities pursuant to the Italian Civil Code, Legislative Decrees 385/1993 (the Consolidated Banking Act, "TUB") and 58/1998 (the Consolidated Finance Act, "TUF"), regulations issued by public authorities vested with supervisory and control functions, the Company's By-Laws and the standards of conduct of the Board of Statutory Auditors recommended by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (National Board of Certified Public Accountants).

This Board of Statutory Auditors was appointed by the Shareholders' Meeting on April 22, 2010. Accordingly, this report covers the period within the Board's competence, i.e. from April 22, 2010 to December 31, 2010.

The Board's Chairman, a Standing Auditor and an Alternate Auditor were appointed from a minority list.

This report provides the information required by Consob Communication No. 1025664 dated April 6, 2001, as subsequently amended and supplemented.

During the year the Board of Statutory Auditors carried out its supervisory activity by holding 21 meetings, each lasting 7 hours on average, and by attending 11 meetings of the Board of Directors and 7 meetings of the Internal Control & Risk Committee. At the Board of Directors' meetings, the Statutory Auditors presented oral and written reports of their activities and of the most important business, financial and capital transactions carried out by the Company or by its subsidiaries, the most notable ones being the ONE4C program, which involved the absorption of seven Italian banks by UniCredit S.p.A., effective November 1, 2010.

Based on the information acquired through its oversight, the Board of Statutory Auditors believes that these corporate transactions were always performed in compliance with the principles of proper management, resolved and carried out in accordance with regulations and the Company's Articles of Association and in the Company's interest. Additionally, they were not manifestly imprudent, reckless or void of the necessary information in case of Directors' interests. They were not in contrast with resolutions passed by the Shareholders' Meetings, nor did they appear to be prejudicial to the company's capital integrity.

On September 21, 2010, the Chief Executive Officer, Alessandro Profumo, resigned his Directorship. At the same time his contract of employment with the Company was terminated by mutual agreement, which entailed a severance payment based on his employment contract with the Company, which had duly disclosed it to the market in its Corporate Governance Reports.

On September 30, 2010 Federico Ghizzoni was co-opted to the Board of Directors and appointed Chief Executive Officer. The Board of Statutory Auditors issued its opinion on the co-optation of a Director and on the payment of compensation to a Director with special corporate powers.

The Report on Operations, as well as information reported to the Board of Directors or received from the Directors, the Company's management, the subsidiaries' Boards of Statutory Auditors, the Head of Internal Audit and the External Auditors did not reveal any untypical and/or unusual transaction, including intercompany or related-party transactions. Intercompany and related-party transactions executed during the financial year are disclosed in the company's accounts in accordance with prevailing regulations. Pursuant to Section 23 of the Company's Articles of Association, the Board of Statutory Auditors was provided with information describing these transactions and representing their essential features. These transactions were carried out at arm's length, with due propriety and on the basis of mutual economic interest.

In compliance with the Consob Regulation on related-party transactions (Resolution No. 17221 dated March 12, 2010, as subsequently amended and supplemented), on November 9, 2010 the Board of Directors adopted special procedures to manage transactions carried out directly or indirectly through its subsidiaries. Additionally, the Board appointed a Related-Party Transactions Committee, consisting only of independent Directors.

In the performance of the Board of Statutory Auditors' monitoring activities, the functions of Compliance and Internal Audit are important.

The Board of Statutory Auditors recommended that Compliance continue to pursue with resolution an approach consistent with the Group's international character and its second-level control objectives.

With regard to the Internal Audit function, in order to monitor the efficiency of the internal control system, the Board of Statutory Auditors periodically met the Head of Internal Audit, who reported on the audit results as well as on the monitoring activities carried out in order to check that corrective measures were properly implemented by Management.

The activities of Internal Audit determined that the system of internal controls within the Group was satisfactory overall, while noting the need for improvement in some areas.

The Board of Statutory Auditors monitored the implementation of the projects aimed at improving the efficacy of the internal control system, and in particular that of the Internal Control System (ICS) Governance project.

In this regard, the activities carried out for the continuous improvement of first-level operational control system play an important role and, given the complexity and size of the Company, they need to be constantly reviewed and developed.

In their regular exchanges of information with the Board of Statutory Auditors, the External Auditors noted, within their area of responsibility, no specific criticalities in the internal control system.

The Board of Statutory Auditors was informed of and monitored, within its competence, the fitness for purpose of the Company's organizational structure.

The Board of Directors recently approved an updated version of the Regulations of UniCredit S.p.A. in light of the ONE4C project. It also changed its organizational structure by establishing the roles of General Manager and Chief Operating Officer.

The revision of the competence lines' governance and operational model, which assigns important second-level controls to them, is still in progress.

The new organizational structure is therefore of very recent establishment and the Board of Statutory Auditors will monitor carefully and continuously its effectiveness and efficiency.

The Board of Statutory Auditors oversaw the fitness for purpose of the Company's administrative and accounting system, both on the basis of direct enquiries and through periodic exchanges of information with the External Auditors, from which the Board of Statutory Auditors received no reports of actions to be judged pursuant to § 155, paragraph 2 DL 58/1998. The Board of Statutory Auditors agrees with the conclusion of the External Auditors that the administrative and accounting system is capable of ensuring correct disclosure of the business results in the company and consolidated accounts.

The Board of Statutory Auditors met the *Dirigente preposto* (the Officer responsible for drawing up the Company accounts, pursuant to § 154 bis DL 58/1998. The latter reported no particular deficiencies in the operational and control processes such that the judgment that the administrative and accounting procedures are fit for purpose and properly followed to produce an accurate picture of the business in terms of profitability, capital and financial adequacy in line with international accounting standards.

The Board of Statutory Auditors oversaw the instructions given to the subsidiaries, which were considered appropriate in terms of the role of coordination and guidance, both inside and outside Italy, required of the Parent of a banking group. The functions of the Parent are charged with directing all subsidiaries towards full adoption and implementation of all the Group policies issued by the Company.

The Board of Statutory Auditors exchanged information with its counterparts in Group companies, especially those involved in the merger process under the ONE4C project, as indicated by § 151, paragraph 2 DL 58/1998 and the Supervisory Orders (V, 11). The Board of Statutory Auditors received no communications of findings to be reported in this Report from the Boards of Statutory Auditors of subsidiaries, associates or other entities in which the Company has shares.

The Board of Statutory Auditors has seen the report of the External Auditors KPMG S.p.A., issued pursuant to §§ 14 and 16 DL 39/2010, and noted that, in their opinion, the Company Accounts and the Consolidated Accounts at December 31, 2010 are compliant with the International Financial Reporting Standards adopted by the European Union and, therefore, that they are drawn up clearly and give a true and fair picture of the capital and financial situation, and of the profit and cash flow generated in the financial year ended December 31, 2010. In addition, the External Auditors are of the opinion that the Report on Operations and the information presented in the Report on Corporate Governance pursuant to § 123 *bis* paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b), DL 58/1998 are consistent with the Accounts.

The External Auditors informed the Board of Statutory Auditors of no actions or facts ascertained during the performance of the work required to certify the Company and Consolidated Accounts, or during their quarterly audits, requiring to be reported.

The Board of Statutory Auditors performed the functions of the internal control and audit committee pursuant to DL 39/2010, by analyzing the content of the work plan drawn up by the External Auditors and checking its fitness for purpose in light of the size and organizational and business complexity of the Company. The Board of Statutory Auditors requested and obtained the report required by § 19 DL 39/2010 from the External Auditors.

Report of the Board of Statutory Auditors (Continued)

The External Auditors gave special attention and undertook special activities following the merger under the ONE4C project. Given the number and size of the entities involved, this will require significant work in 2011 as well, to check the fitness for purpose of the administrative and accounting system in the new corporate structure.

The Board of Statutory Auditors received the report on the independence of the auditor from the External Auditors pursuant to § 17 DL 39/2010 and found no criticalities. As expressly declared by the External Auditors, the Board of Statutory Auditors notes that in 2010 the latter received fees for the following non-audit services in addition to its engagements for the audit of the Company and Consolidated Accounts, the First Half Report and for checking that the books of account were correctly kept and that the business operations were accurately recognized in accounting entries:
- Issuance of “comfort letters” regarding bond issues on the European market, for a fee of €391,000;
- Review of the English version of the half-yearly consolidated report as at June 30, 2010, of the company and consolidated financial statements as at December 31, 2010, and of the German version of the consolidated financial statements as at December 31, 2010, for a fee of €21,900;
- Limited audit of the Sustainability Report of the UniCredit Group as at December 31, 2010, for a fee of €320,000;
- Review of the reporting system for the purpose of UniCredit Group’s Sustainability Report, for a fee of €50,000;
- Signature of the Unified Tax Return, the Simplified and Standard Tax Return 770, the 2010 Internal Tax Consolidation Return and the 2010 Credit and Financing Business report, for a fee of €25,100;
- Preparation of the report on the value of the Capital Italia S.A. investment fund units as at December 31, 2010, for a fee of €8,500;
- Review of the information contained in the communications sent by UniCredit S.p.A. to Banca d’Italia on transactions related to personal loans secured on one-fifth of net income carried out by UniCredit Family Financing Bank S.p.A. and Family Credit Network S.p.A., for a fee of €80,000;
- Review of 2010 quarterly reports prepared by UniCredit S.p.A, UniCredit Family Financing Bank S.p.A. and UniCredit Banca S.p.A. as servicers of securitization transactions, for a fee of € 144,000.

No persons connected with the External Auditors were engaged on a continuing basis.

In consideration of the changed size following the merger under the ONE4C project, the External Auditors were called on to perform work not originally foreseen at the time of the engagement. This work was required in 2010 and will be required for tail processes in 2011. In any case the organizational scope and structure (‘perimeter’) of the Company has changed since the original auditing engagement.

For this reason, as authorized, the Board of Directors decided to increase the fees to be paid to the External Auditors for 2010 and appropriate information on this is brought to the attention of the Shareholders’ Meeting.

Similarly, the fees to be paid to the External Auditors for financial years 2011 and 2012, when the nine-year engagement terminates, should be increased and accordingly the Board of Statutory Auditors is making a separate proposal to the Shareholders’ Meeting in a separate document.

The Board of Statutory Auditors oversaw the procedures for the actual implementation of the corporate governance rules required by the Corporate Governance Code for listed companies, introduced to complete the primary and secondary regulations required by DL 58/1998 and the consequent rules.

The Board of Directors resolved that its size, composition and functioning were fit for purpose.

Similarly, the Board of Directors resolved that its members had the requisites of independence and gave full information on this in the Corporate Governance Report. The Board of Statutory Auditors checked that the criteria used and the enquiry methods adopted by the Board of Directors were correctly applied.

After its elections, the Board of Statutory Auditors checked that all its members possessed the requisites of independence. In addition, given the requirement that these requisites be verified annually, the Board of Statutory Auditors confirmed that they applied.

With the absorption of the Italian banks under the ONE4C project, the Company added banking operations to its activity as holding company and controller of the Group.

Currently the corporate governance system delegates lending powers - to be used according to lending parameters defined when the annual credit strategy is approved by the Board of Directors - to Management, under the monitoring and control of the Internal Control and Risk Committee, which in turn reports regularly to the Board of Directors.

Similarly, the need to streamline the work of the Board of Directors induced the Company to interpret § 136 T.U.B. (Single Banking Act) to mean that the regulatory requirements it contains in relation to the obligations of Directors and other Officers may be met by adopting a framework resolution for each applicant, such that the execution of any standard transaction at market prices may be allowed.

The By-Laws of UniCredit S.p.A. were aligned with some of the provisions of DL 27/2010, which transposed EU Directive 2007/36/CE. On November 9, 2010 by-laws 10,12,13,20 and 30 were amended. Further amendments are submitted to the Shareholders' Meeting with a memorandum of the Directors.

On November 9, 2010, the Board of Directors approved a new Organizational Model pursuant to DL 231/2001. This Model was developed by a specific project and elaborated after careful analysis of corporate activities. It comprises a set of general principles, rules of conduct and specific control principles. An update for the main subsidiaries is in progress.

The 231 Supervisory Body informed the Board of Directors that it had operated to adapt the Organizational Model to the organizational and regulatory scope, to check the implementation of the Model in subsidiaries, to direct and coordinate the supervisory bodies of the subsidiaries, to collect and analyze the minimum information required by the Model to study in depth certain areas and operations of the business considered potentially significant in terms of DL 231/2001.

The Board of Statutory Auditors oversaw the functionality, the fitness for purpose and the compliance with regulatory requirements of the operational, market and credit risk measurement and control systems.

The assessments of the Board of Statutory Auditors were based on:
- internal validation reports prepared by the Parent on all the significant aspects of the performance of the rating systems and their compliance with regulatory requirements and internal standards and
- the reports of the Parent's Internal Audit function.

On the basis of the assessments made and the documentation obtained, as well as information received from the heads Risk Management and Internal Audit, the Board of Statutory Auditors believes that the risk control models comply with regulatory requirements and are overall meet the Company's needs.

The Board of Statutory Auditors noted the results of the audit of senior management remuneration for 2010 conducted by Internal Audit, which assessed the system as being in line with applicable rules and the risk profile defined by the Board of Directors.

As at the date on which this Report was drawn up, the Board of Statutory Auditors had received two complaints under § 2408 Italian Civil Code.

Shareholder Francesco Santoro, by a letter dated February 18, 2011, informed the Board of Statutory Auditors of alleged irregularities committed by UniCredit Credit Management Bank in its loan recovery activity. The Board of Statutory Auditors ascertained, on the basis of statements made by the competent offices of the company, that at the end of 2010 repayment demands were sent to the debtors and guarantors of defaulted loans originating in the former Trevi Finance and Aspra Finance portfolios. At the end of February 2011 numerous complaints had been received. Only one actual case was being litigated.

Shareholder Cristina Scarcella, by a letter dated March 10, 2011, reported to the Board of Statutory Auditors an alleged amount payable by the former UniCredit Private Banking S.p.A. in respect of IslandBankki bonds not repaid on maturity. In this regard the Board of Statutory Auditors ascertained that on March 6, 2009 the former UniCredit Private Banking S.p.A., following inter alia Ms. Scarcella's petition to the Bank of Italy, had replied both to Ms. Scarcella and the Bank of Italy. The letter to Ms. Scarcella noted that, after checking the manner in which the file had been conducted, no elements had been found that could make it possible to accept the demand.

In 2010 the Board of Statutory Auditors received a complaint from Ignazio Bianco, who described himself as the secretary of Federbancari. The complaint repeated the contents of a writ for the nullity or cancellation of collective labor contracts entered into by Credito Italiano/UniCredit and failure to grant union permits and leave of absence, with the consequent claim for damages. The Board of Statutory Auditors found that this case was still in progress.

In 2010 the Board of Statutory Auditors was called on to give its opinion on the following matters:
- compliance with the requirements for the continuous use of the advanced internal model for the measurement of market and operational risk, and the advanced internal model for rating credit risks, in accordance with the provisions of supervisory regulations;
- an assessment as to whether the criteria and procedures used by the Board of Directors to establish the independence of its members were correctly applied (Corporate Governance Code for Listed Companies – Application Criterion 3.C.5);
- compensation paid to a Director given special powers pursuant to § 2389 Italian Civil Code;
- cooptation to the Board of Directors of a Director under § 2386 Italian Civil Code;
- a report on the assessment of the Group's strategies and policies in the collective savings management sector;
- a report on the bringing into line of corporate procedures with the recommendations of the Bank of Italy in the business of personal loans granted against one-fifth of salary or pension;
- Directors' remarks on the results of Bank of Italy inspections of the quality of credit processes and lending with special reference to the corporate segment of the loan book;
- Directors' remarks on the results of Bank of Italy inspections of the process of drawing up consolidated supervisory reporting.

Report of the Board of Statutory Auditors (Continued)

The oversight of the Board of Statutory Auditors revealed no censurable actions, omissions or irregularities requiring to be noted in this Report.

The Board of Statutory Auditors does not believe that it is necessary to exercise the option of making proposals to the Shareholders' Meeting pursuant to § 153 second paragraph DL 58/1998.

Having regard to the foregoing, the Board of Statutory Auditors, having examined the reports drawn up by the External Auditors KPMG S.p.A., having noted the joint attestation made by the Chief Executive Officer and the Officer responsible for drawing up Company accounts, within its competence finds that there is no impediment to the approval of the Accounts submitted by the Board of Directors.

The Board of Statutory Auditors is of the opinion, in light of the accounts as at December 31, 2010 and revenue projections, that the appropriation of net profit as proposed by the Board of Directors is not contrary to law, regulations or the By-Laws.

April 4, 2011

The Board of Statutory Auditors
Maurizio Lauri
Cesare Bisoni
Vincenzo Nicastro
Michele Rutigliano
Marco Ventoruzzo

Report of the External Auditors

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI

Telefono +39 02 6763.1
Telefax +39 02 67632445
e-mail it-fmauditaly@kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
UniCredit S.p.A.

1 We have audited the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2010, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 31 March 2010 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2010 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of UniCredit S.p.A. as at 31 December 2010, the results of its operations and its cash flows for the year then ended.

4 The directors of UniCredit S.p.A. are responsible for the preparation of a report on operations and a report on the corporate governance and shareholding structure, published in the "Governance" section of UniCredit S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2010.

Milan, 4 April 2011

KPMG S.p.A.

(signed on the original)

Mario Corti
Director of Audit

Resolutions passed at the Shareholders' Meeting

Resolutions passed at the Shareholders' Meeting

Resolutions passed at the shareholders' meeting held on April 29, 2011

After acknowledging the Reports of the Board of Directors and the Board of Statutory Auditors for the financial year 2010, the ordinary session of UniCredit's Shareholders' Meeting, which was held on April 29, 2011, approved the Company's financial statements for the year 2010, which reported a net result of €783 million. Based on this result, the Shareholders' Meeting approved a dividend of €0.03 per ordinary share and €0.045 per savings share.

The Shareholders' Meeting, in its ordinary session, also resolved to reduce the number of Board members from 23 to 22, at the same time deciding to confirm as Director Mr. Federico Ghizzoni, who on September 30, 2010 had been co-opted by the Board of Directors and who will remain in office until the Shareholders' Meeting called for the approval of the 2011 financial statements.

The Shareholders' Meeting, again in its ordinary session, redefined the total amount for the compensation due to the Directors who hold an office in Board Committees and other Company Bodies: €1,600,000 plus an attendance fee of €400 for every meeting.

Finally, the Shareholders' meeting approved:
- To increase the number of hours and the fees due to the Auditing Firm KPMG S.p.A. for the years 2011 and 2012;
- To bear the cost of the remuneration of the Common Representative of the Savings Shareholders;
- Some amendments to UniCredit General Meeting Regulations;
- The Group Compensation Policy;
- The Group compensation systems for 2011;
- The 2011 Share Ownership Plan for UniCredit Group employees.

Sorter pages: UniCredit.
Creative concept: BBH Partners LLP, London.
Cover Illustration: James Taylor, Illustrator c/o Debut Arts, London.

Graphic development and composition: Mercurio - Studi di promozione pubblicitaria, Milan
www.mercurioitaly.it

Printed: Grafiche Milani Segrate (Milan)
May 2011

At UniCredit, we are aware of the environmental impact of our business activities
and we strive to embed environmental sustainability into our strategic decisions.

In 2011, we are seeking to offset the greenhouse gas emissions associated with the publication of our
2010 UniCredit S.p.A. Report and Accounts, 2010 Consolidated Reports and Accounts and 2010 Sustainability Report
by contributing to a biomass-fueled district heating plant in Italy (Valtellina).

For the 2010 UniCredit S.p.A. Report and Accounts, 2010 Consolidated Reports and Accounts
and 2010 Sustainability Report, we worked to offset related emissions in association with AzzeroCO_2.

AzzeroCO2
climate in our hands
www.azzeroco2.it

Mixed Sources
Product group from well-managed forests and recycled wood or fiber
www.fsc.org Cert no. ICILA COC 000282
© 1996 Forest Stewardship Council
FSC

Printed on certified recycled chlorine-free paper.

UniCredit